CA | CMA INTER | CS EXECUTIVE

GST

PRACTICE Manual



AMENDED BY FINANCE ACT, 2025

RELEVANT FOR MAY/JUNE/SEP/ DEC 2026 & JAN 27

COVERAGE

- CA, CS, CMA PYQS
- RTP & MTPS
- COVERAGE OF MODULES
- ADDITIONAL QUESTIONS

CA VIVEK GABA





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CHAPTER 1 INTRODUCTION TO GST



Question 1:

List some of the benefits that GST may accrue to the economy.

Answer:

GST may accrue following benefits to the economy:

(a) Creation of Unified National Market: GST aims to make India a common market with common tax rates and procedures and remove the economic barriers, thereby paving the way for an integrated economy at the national level.

(b) Boost To 'Make In India' Initiative: GST may give a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market. This would make India a manufacturing hub.

(c) Boost To Investments, Exports And Employment: Under the GST regime, the principle of exporting only the cost of goods or services and not taxes is being followed. This may boost Indian exports thereby improving the balance of payments position. Exporters are being facilitated by grant of provisional refund of 90% of their claims within 7 days of issue of acknowledgement of their application, thereby resulting in the easing of position with respect to cash flows.

Further, the subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input tax on goods and services and phasing out of Central Sales Tax (CST) may reduce the cost of locally manufactured goods and services. Resultantly, the competitiveness of Indian goods and services in the international market may increase to give boost to investments and Indian exports. With a boost in exports and manufacturing activity, more employment would be generated and GDP would increase.

Question 2:

Explain with the help of examples, how a particular transaction of goods and services is taxed simultaneously under Central GST (CGST) and State GST (SGST) ?

Answer:

The Central GST and the State GST is levied simultaneously on every intra-state supply of goods or services or both made by registered persons except the exempted goods and services as well as goods and services which are outside the purview of GST. Further, both are levied on the same price or transaction value. The same can be better understood with the help of following examples:

Example 1:

- Suppose that the rate of CGST is 10% and that of SGST is 10%. When a wholesale dealer of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for, say ₹ 100 , the dealer would charge CGST of ₹ 10 and SGST of ₹ 10 in addition to the basic price of the goods. The CGST component will go into a Central Government account while the SGST portion into the account of the concerned State Government (viz. U.P.).
- It is important to note that he might not actually pay ₹ 20 (₹ 10 + ₹10) in cash as he would be entitled to set-off this liability against the CGST or SGST paid on his eligible purchases (inputs, input services and capital goods) assuming that all his purchases are intra-state. However, for paying CGST, he would be allowed to use only the credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. CGST credit cannot be used for payment of SGST and vice versa.

Example 2:

- Suppose, again the rate of CGST is 10% and that of SGST is 10%. When an advertising company located in Mumbai supplies advertising services to a company manufacturing soap also located within the State of Maharashtra for, let us say ₹ 100 , the ad company would charge CGST of ₹ 10 as well as SGST of ₹ 10 at the basic value of the service. The CGST component will go into a Central Government account while the SGST portion into the account of the Maharashtra Government.
- He might not actually pay ₹ 20 (₹ 10 + ₹10) in cash as it would be entitled to set-off this liability against the CGST or SGST - paid on his eligible purchases (say, of inputs such as stationery, office equipment, services of an artist etc.) assuming that all his purchases are intra-state. However, for paying CGST, he would be allowed to use only the credit of CGST paid on its purchase while for SGST, he can utilise the credit of SGST alone. CGST credit cannot be used for payment of SGST and vice versa.

Question 3:

Why was the need to amend the Constitution of India before introducing the GST?

Answer:

- Earlier, the fiscal powers between the Centre and the States were clearly demarcated in the constitution with almost no overlap between the respective domains. The Centre had the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc) while the States had the powers to levy. tax on the sale of goods. In the case of inter-State sales, the centre had the power to levy the Central sales Tax but the tax was collected and retained entirely by the States. As for services, it was the Centre alone that was empowered to levy service tax.
- Introduction of the GST necessitated the amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India was amended by the Constitution (101 st Amendment) Act, 2016 for this purpose. Article 246A of the Constitution introduced thereby empowered the Centre and the States to simultaneously levy and collect the GST.

Question 4:

GST is a destination-based tax on consumption of goods or services or both. Discuss the validity of the statement.

Answer:

- The given statement is valid. GST is a destination-based tax on consumption of goods or services or both. GST is known as destination-based tax since the tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.
- For example, if A in Delhi produces the goods and sells the goods to B in Haryana. In this case, the tax would accrue to the State of Haryana and not to the State of Delhi. On the other hand, under pre-GST regime, origin-based taxation was prevailing in such cases.
- Under origin-based taxation, the tax used to accrue to the State from where the transaction originated. In the given case, under origin-based taxation, the central sales tax would have been levied by centre and collected by the State of Delhi and not by the State of Haryana.

Question 5:

Discuss the leviability of GST or otherwise on the following:

(a) Alcoholic liquor for human consumption

(b) Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas

(c) Tobacco

(d) Opium, Indian hemp and other narcotic drugs and narcotics

Answer:

(a) Alcoholic liquor for human consumption is outside the realm of GST. The manufacture/production of alcoholic liquor continues to be subjected to State excise duty and inter-State/intra-State sale of the same is subject to CSTNAT respectively.

(b) As regards petroleum crude, diesel, petrol, ATF and natural gas are concerned, they are not presently leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.

(c) Tobacco is within the purview of GST, ie GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Resultantly, tobacco is subject to GST as well as central excise duty.

(d) Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, ie GST is leviable on them. However, State Governments have also retained the power to levy excise duties on such products manufactured in India. Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to GST as well as State excise duties.

Question 6:

Under Goods and Services Tax (GST), only value addition is taxed and burden of tax is to be borne by the final consumer. Examine the validity of the statement.

Answer:

The statement is correct. Goods and Services Tax is a destination-based tax on consumption of goods and services. It is levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as set-off. Resultantly, only value addition is taxed and burden of tax is to be borne by the final consumer.

Question 7:

Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST.

Answer:

Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CSTNAT & central excise) still continues in respect of the said commodities.

Question 8:

A dual GST has been implemented in India. Elaborate.

Answer:

- A dual GST has been implemented in India with the Centre and States simultaneously levying it on a common tax base. The GST levied by the centre on intra-State supply of goods and/or services is called the Central GST (CGST) and that levied by the States/Union Territory is called the State GST (SGST)/ Union Territory GST (UTGST). similarly, Integrated GST (IGST) is levied and administered by Centre on every inter-State supply of goods and/or services.
- India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST, therefore, keeps with the constitutional requirement of fiscal federalism.

Question 9:

Discuss Article 269A pertaining to levy and collection of GST on inter-State supply.

Answer:

- Article 269A of the Constitution stipulates that Goods and Services Tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.
- Here, supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter-State trade or commerce.
- The amount so apportioned to a State shall not form part of the Consolidated Fund of India. Where an amount collected as IGST has been used for payment of SGST or vice versa, such amount shall not form part of the consolidated Fund of India/State respectively. This is to facilitate transfer of funds between the Centre and the States.
- Parliament is empowered to formulate the principles for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

Question10:

Discuss Article 246A which grants the power to make laws with respect to Goods and Services Tax.

Answer:

- Article 246A stipulates that Parliament, and, the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.
- Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-state trade or commerce.
- However, in respect to petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel, the aforesaid provisions shall apply from the date to be notified by the Government on the recommendations by the GST Council.

Question 11:

No act or proceedings of the Goods and Services Tax Council shall be invalid merely by certain reasons. What are they?

Answer:

No act or proceedings of the Goods and Services Tax Council shall be invalid merely by reason of:

(a) any vacancy in, or any defect in, the constitution of the council; or

(b) any defect in. the appointment of a person as a Member of the Council; or

(c) any procedural irregularity of the council not affecting the merits of the case.

Question 12:

Divya GST Registered person in Varanasi (Uttar Pradesh) provides Management Consultancy services to Aman GST Registered person in Noida for Rs. 8 lakhs. The place from where the supply is made is Varanasi and the place where the supply is received is Noida. The supply in this situation is an intra-State supply.

Question 13:

Divya GST registered person in Varanasi (Uttar Pradesh) provides Management Consultancy services to Aman GST registered person in the Mumbai (Maharashtra) for Rs. 8 lakhs. The place from where the supply is made is Varanasi and the place where the supply is received is in Mumbai. The supply in this situation is an inter-State supply.

Question 14:

Amrinder, a Company Secretary GST registered person in Maharashtra for the past 5 years and having a flourishing practise there, goes to Delhi for 10 days as a visiting faculty for a summer course at a reputed College. While in Delhi, Amrinder earns Rs. 5 Lakh as Professional Fee for the services rendered.

This is an example of inter-State Supply because, Amrinder does not have a registered place of business in Delhi, or a fixed establishment in Delhi. The location of supplier will thus have to be taken as Maharashtra where Amrinder is registered under GST. Since the location of supplier is in Maharashtra and the place of supply is in Delhi, the supply is an inter-State supply, though no supply has actually taken place from Maharashtra.

Question 15:

What is IGST?

Answer:

"Integrated Goods and Services Tax" (IGST) means tax levied under the IGST Act on the supply of any goods and/ or services in the course of inter-State trade or commerce.

Question 16:

What are inter-state supplies?

Answer:

A supply of goods and/or services in the course of inter-State trade or commerce means any supply where the location of the supplier and the place of supply are in different States, two different union territory or in a state and union territory Further import of goods and services, supplies to SEZ units or developer, or any supply that is not an intra-State supply. (Section 7 of the IGST Act).

Question 17:

How will the inter-State supplies of Goods and Services be taxed under GST?

Answer:

IGST shall be levied and collected by Centre on interstate supplies. IGST would be broadly CGST plus SGST and shall be levied on all inter-State taxable supplies of goods and services.

The inter-State seller will pay IGST on value addition after adjusting available credit of IGST, CGST, and SGST on his purchases. The Exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The Importing dealer will claim credit of IGST while discharging his output tax liability in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. The relevant information is also submitted to the Central Agency which will act as a clearing house mechanism, verify the claims and inform the respective governments to transfer the funds.

Question 18:

What are the advantages of IGST Model?

Ans. The major advantages of IGST Model are: a. Maintenance of uninterrupted ITC chain on inter-State transactions; b. No upfront payment of tax or substantial blockage of funds for the inter-State seller or buyer; c. No refund claim in exporting State, as ITC is used up while paying the tax; d. Self-monitoring model; e. Ensures tax neutrality while keeping the tax regime simple; f. Simple accounting with no additional compliance burden on the taxpayer; g. Would facilitate in ensuring high level of compliance and thus higher collection efficiency. Model can handle 'Business to Business' as well as 'Business to Consumer' transactions.

Question 19:

How will imports/exports be taxed under GST?

Answer:

All imports/exports will be deemed as inter-state supplies for the purposes of levy of GST (IGST). The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed. Full and complete set-off will be available as ITC of the IGST paid on import on goods and services. Exports of goods and services will be zero rated. The exporter has the option either to export under bond without payment of duty and claim refund of ITC or pay IGST at the time of export and claim refund of IGST. The IGST on imports is leviable under the provisions of the Customs Tariff Act and shall be levied at the time of imports along with the levy of the Customs Act (Section 5 of the IGST Act).

Question 20:

How will the IGST be paid?

Answer:

The IGST payment can be done utilizing ITC or by cash. However, the use of ITC for payment of IGST will be done using the following hierarchy, - First available ITC of IGST shall be used for • payment of IGST; Once ITC of IGST is exhausted, the ITC of CGST • shall be used for payment of IGST; If both ITC of IGST and ITC of CGST are • exhausted, then only the dealer would be permitted to use ITC of SGST for payment of IGST.

Remaining IGST liability, if any, shall be discharged using payment in cash. GST System will ensure maintenance of this hierarchy for payment of IGST using the credit.

Question 21:

How will the settlement between Centre, exporting state and importing state be done?

Answer:

There would be settlement of account between the Centre and the states on two counts, which are as follows :

- *Centre and the exporting state* : The exporting state shall pay the amount equal to the ITC of SGST used by the supplier in the exporting state to the Centre.
- *Centre and the importing state* : The Centre shall pay the amount equal to the ITC of IGST used by a dealer for payment of SGST on intra- state supplies. The settlement would be on cumulative basis for a state taking into account the details furnished by all the dealer in the settlement period. Similar settlement of amount would also be undertaken between CGST and IGST account.

Question 22:

What treatment is given to supplies made to SEZ units or developer?

Answer:

Supplies to SEZ units or developer shall be zero rated in the same manner as done for the physical exports. Supplier shall have option to make supplies to SEZ without payment of taxes and claim refunds of input taxes on such supplies (section 16 of the IGST Act).

Question 23:

Are business processes and compliance requirement same in the IGST and CGST Acts?

Answer:

The procedure and compliance requirement are same for processes like registration, return filing and payment of tax. Further, the IGST Act borrows the provisions from the CGST Act as relating to assessment, audit, valuation, time of supply, invoice, accounts, records, adjudication, appeal etc. (Section 20 of the IGST Act).

Question 24:

What is Goods and Services Tax (GST)?

Answer:

It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

Question 25:

What exactly is the concept of destination based tax on consumption?

Answer:

The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

Question 26:

Which of the existing taxes are proposed to be subsumed under GST?

Answer:

The GST would replace the following taxes:

i. taxes currently levied and collected by the Centre:

a. Central Excise duty

b. Duties of Excise (Medicinal and Toilet Preparations)

c. Additional Duties of Excise (Goods of Special Importance)

d. Additional Duties of Excise (Textiles and Textile Products)

e. Additional Duties of Customs (commonly known as CVD)

f. Special Additional Duty of Customs (SAD)

g. Service Tax

h. Central Surcharges and Cesses so far as they relate to supply of goods and services

ii. State taxes that would be subsumed under the GST are:

a. State VAT

b. Central Sales Tax

c. Luxury Tax

d. Entry Tax (all forms)

e. Entertainment and Amusement Tax (except when levied by the local bodies)

f. Taxes on advertisements

g. Purchase Tax

h. Taxes on lotteries, betting and gambling

i. State Surcharges and Cesses so far as they relate to supply of goods and services

The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST.

Question 27:

Which are the commodities which have been kept outside the purview of GST?

Answer:

Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. So alcohol for human consumption is kept out of GST by way of definition of GST in constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out and GST Council shall decide the date from which they shall be included in GST.

Question 28:

What is the status of Tobacco and Tobacco products under the GST regime?

Answer:

Tobacco and tobacco products is leviable to GST. In addition, the Centre has the power to levy Central Excise duty on these products.

Question 29:

What type of GST was implemented?

Answer:

It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States/ Union territory would be called the State GST (SGST)/ UTGST. Similarly, Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.

Question 30:

Why is Dual GST required?

Answer:

India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

Question 31:

Which authority will levy and administer GST?

Answer:

Centre will levy and administer CGST & IGST while respective states /UTs will levy and administer SGST/ UTGST.

Question 32:

Why was the Constitution of India amended recently in the context of GST?

Answer:

Currently, the fiscal powers between the Centre and the States are clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre has the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States have the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre has the power to levy a tax (the Central Sales Tax) but, the tax is collected and retained entirely by the States. As for services, it is the Centre alone that is empowered to levy service tax.

Introduction of the GST required amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India has been amended by the Constitution (one hundred and first amendment) Act, 2016 for this purpose. Article 246A of the Constitution empowers the Centre and the States to levy and collect the GST.

Question 33:

What are the benefits which the Country will accrue from GST?

Answer:

Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%. Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance. Last but not the least, this tax, because of its transparent character, would be easier to administer.

Question 34:

What is IGST?

Answer:

Under the GST regime, an Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

Question 35:

Who will decide rates for levy of GST?

Answer:

The CGST and SGST would be levied at rates to be jointly decided by the Centre and States. The rates would be notified on the recommendations of the GST Council.

Question 36:

What would be the role of GST Council?

Answer:

A GST Council would be constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers to make recommendations to the Union and the States on

a. the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST;

b. the goods and services that may be subjected to or exempted from the GST;

c. the date on which the GST shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel;

d. model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply;

e. the threshold limit of turnover below which the goods and services may be exempted from GST;

f. the rates including floor rates with bands of GST;

g. any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster;

h. special provision with respect to the North-East States, J&K, Himachal Pradesh and Uttarakhand; and

i. any other matter relating to the GST, as the Council may decide.



CHAPTER 2 CHARGE OF GST

Question 1:

State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

(a) Services provided by an arbitral tribunal to any business entity.

(b) Sponsorship services provided by a company to an individual.

(c) Renting of immovable property service provided by the Central Government to a registered business entity.

Answer:

(a) Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge, in the given case, GST is payable by the recipient - business entity.

(b) GST on sponsorship services provided by any person to any body corporate or partnership firm located in the taxable territory is payable under reverse charge. Since in the given case, services have been provided to an individual, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier - company.

(c) GST on services supplied by Central Government, State Government, Union Territory or local authority by way of renting of immovable property to a person registered under CGST Act, 2017 is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered business entity.

Question 2:

Vivek Goyal, an independent director of A22 Pvt Ltd, appointed in accordance with the provisions of the companies Act, 2013, has received sitting fee amounting to ₹ l lakh from A2Z Pvt Ltd for attending the board meetings. Who is the person liable to pay tax in this case?

Answer:

GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, ie A22 Pvt Ltd.

Question 3:

Raghu Associates provided sponsorship services to WE-WIN Cricket Academy, an LLP. Determine the person liable to pay tax in this case.

Answer:

In case of services provided by any person by way of sponsorship to any body-corporate or partnership firm, GST is liable to be paid under reverse charge by such body-corporate or partnership firm located in the taxable territory. Further, for reverse charge purposes, Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 is also considered as a partnership firm. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.

Question 4:

Legal fees is received by Sushrut, an advocate, from M/s Tatva Trading Company having turnover of ₹50 lakhs in the preceding FY. Who is the person liable to pay tax in this case?

Answer:

GST on legal services supplied by an advocate to any business entity located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is M/s Tatva Trading Company.

Question 5:

State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

(a) Services supplied by an insurance agent to an insurance company.

(b) Services supplied by a recovery agent to a car dealer.

(c) security services (i.e, services provided by way of supply of security personnel) provided by a partnership firm to a registered person paying tax under regular scheme.

Answer:

(a) GST on services supplied by an insurance agent to any person carrying on insurance business located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - insurance company.

(b) GST on services supplied by a recovery agent to a banking company or a financial institution or a NBFC located in the taxable territory is payable under reverse charge. However, since in the given case, services are being supplied by a recovery agent to a car dealer, GST is payable

under forward charge by the service provider - recovery agent.

(c) GST on security services (ie, services provided by way of supply of security personnel) provided by a non-corporate entity to a registered person, located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered person receiving the services.

Question 6:

Are all goods and services taxable under GST?

Answer:

Supplies of all goods and services are taxable except alcoholic liquor for human consumption. Supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be taxable with effect from a future date. This date would be notified by the Government on the recommendations of the GST Council.

Question 7:

What is meant by Reverse Charge? [FAQ 11]

Answer:

It means the liability to pay tax is on the recipient of supply of goods and services instead of the supplier of such goods or services in respect of notified categories of supply.

Question 8:

Is the reverse charge mechanism applicable only to services? [FAQ 12]

Answer:

No, reverse charge applies to supplies of both goods and services, as notified by the Government on the recommendations of the GST Council.

Question 9:

Can any person other than the supplier or recipient be liable to pay tax under GST? [FAQ 16]

Answer:

Yes, the Government can specify categories of services the tax on which shall be paid by the electronic commerce operator, if such services are supplied through it and all the provisions of the Act shall apply to such electronic commerce operator as if he is the person liable to pay tax in relation to supply of such services.

Question 10:

- **Mr. Ramesh is engaged in the business of beauty products. Few of items on which he has already availed ITC, taken by him for personal use of his family members. Such transaction shall be treated as supply even though there is no consideration involved.**
- **Mr. Kisan purchased furniture on which he has taken ITC. After 2 years, he donated that furniture to an NGO. This donation is treated as supply under the GST law.**

Question 11:

X Ltd. has 3 branches. One at Kolkata, another at Chennai and third one at Mumbai. All these branches are separately registered with GST and treated as distinct persons. Any inter-State transfer (like stock transfer, etc.) among them shall be treated as supply even though there is no consideration.

Question 12:

1. **Mr. Prem, Kolkata, is an agent of Mr. Magan, Mumbai. Mr. Prem is acquiring goods on behalf of Mr. Magan and supply it to Mr. Magan. Here, transaction between Mr. Prem and Mr. Magan is treated as supply even though there is no consideration.**
2. **Similarly, Mr. Ashok, Surat, is an agent of Mr. Magan, Mumbai. Mr. Magan is sending goods to Mr. Ashok for selling that in Surat. Here, transaction between Mr. Ashok and Mr. Magan is treated as supply even though there is no consideration.**

CHAPTER 3 SUPPLY UNDER GST



Question 1:

Meghraj & co wishes to commence the business of supplying ready-made garments within Punjab and in the neighbouring States of Delhi and Haryana. Kindly state as to what is the taxable event under GST and leviability of CGST, SGST/UTGST and IGST on the same?

Answer:

Taxable event under GST is supply of goods or services or both. CGST and SGST/UTGST will be levied on intra-state supplies. IGST will be levied on inter-state supplies.

Question 2:

Damodar Private Ltd, registered in Delhi, has transferred some goods to its branch, registered in West Bengal, so that the goods can be sold from the branch. The goods have been transferred without any consideration. The company believes that the transaction undertaken by it does not qualify as supply as no consideration is involved. Ascertain whether the transfer of goods by Damodar Private Ltd to its branch office qualifies as supply.

Answer:

As per Schedule I of the CGST Act, supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business, is deemed as supply even if made without consideration. In the given case, since Damodar Pvt Ltd and its branch located in another State are distinct persons, supply of goods between them qualifies as supply.

Question 3:

Prithvi Associates is engaged in supply of taxable goods. It enquires from its tax advisor as to whether any activity can be treated as" supply even if made without consideration in accordance with the provisions of the CGST Act. Enumerate such activities, if any.

Answer:

Section 7 stipulates that the supply should be for a consideration and should be in the course or furtherance of business. However, Schedule I of the CGST Act enumerates the cases where an activity is treated as supply, even if the same is without consideration. These are as follows:

- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business. However, gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Question 4:

Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement.

Answer:

The statement is not correct. Composite supply is treated as supply of the principal supply. It is the mixed supply that is treated as supply of that particular goods or services which attracts the highest rate of tax.

Question 5:

Transfer of title and/or possession is necessary for a transaction to constitute supply of goods. Examine.

Answer:

Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II of the CGST Act. In some cases, possession may be transferred immediately, but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Question 6:

Examine whether the following activities would amount to supply u/s 7 read with Schedule 1 of the CGST Act:

(a) Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.

(b) Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.

(c) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

Answer:

(a) Schedule I of CGST Act, inter alia, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons. In view of the same, factory and depot of Sulekha Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply u/s 7 read with Schedule I of the CGST Act.

(b) Schedule I of CGST Act, inter alia, stiputates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. section 15 provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49) of the CGST Act, 2017, family means:

- the spouse and children of the person; and
- the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Raman has received free of cost legal services from his brother. However, as per the above definition, Raman and his brother cannot be considered to be related as Raman's brother is a well-known lawyer and is not wholly/ mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman's brother to him would not be treated as supply u/s7 read with Schedule I of the CGST Act.

(c) In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman's brother to him would still not be treated as supply u/s 7 of the CGST Act read with Schedule I as although the same are provided in course or furtherance of business, such services have not been received from a related person.

Question 7:

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:

(a) Renting of immovable property.

(b) Goods forming part of business assets are transferred or disposed of bylunder directions of person carrying on the business.

(c) Transfer of right in goods without transfer of title in goods.

(d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

Answer:

(a) Supply of services

(b) Supply of goods

(c) Supply of services

(d) Supply of goods

Question 8:

Determine whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:

(a) Temporary transfer or permitting use or enjoyment of any intellectual property right.

(b) Supply of goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

(c) Any treatment or process which is applied to another person's goods.

(d) Transfer of title in goods.

Answer:

(a) Supply of services

(b) Supply of goods

(c) Supply of services

(d) Supply of goods

Question 9:

The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of the statement.

Answer:

The statement is not correct. Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.

Question 10:

Examine whether the activity of import of service in the following independent cases would amount to supply u/s 7 of the CGST Act, 2017:

(a) Ms Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian Dollar.

(b) Ms Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr Varun residing in Sydney (Australia) [wholly dependent on Ms Shriniti]. Further, Ms Shriniti did not pay any consideration for the said service.

(c) Will your answer change if in the above case, if Ms Shriniti has taken interior decoration services with regard to her business premises and not her residence?

Note: Any specific exemption by way of notification needs to be ignored.

Answer:

(a) Supply, u/s 7 of the CGST Act, 2017, inter alia, includes import of services for a consideration even if it is not in the course or furtherance of business. Thus, although the import of service for consideration by Ms Shriniti Kaushik is not in course or furtherance of business (as the interior decoration services have been availed in respect of residence), it would amount to supply.

(b) Schedule 1 of CGST Act, inter alia, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Section 15 provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49) of the CGST Act, 2017, family means:

- the spouse and children of the person; and
- the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Ms Shriniti Kaushik has received interior decoration services from her brother. In view of the above definition, Ms Shriniti and her brother shall be considered to be related as Miss Shriniti's brother is wholly dependent on her. However, Ms Shrinti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Ms Shrinti's brother to her would not be treated as supply u/s 7 read with schedule I of the CGST Act.

(c) In the above case, if Ms Shriniti has taken interior decoration services with regard to her business premises, services provided by MS Shriniti's brother to her would be treated as supply u/s 7 of the CGST Act read with Schedule 1 of the CGST Act, 2017.

Question 11:

Determine whether the following supplies amount to composite supplies:

(a) A hotel provides 4 days- 3 nights package wherein the facility of breakfast and dinner is provided alongwith the room accommodation.

(b) A toothpaste company has offered the scheme of free soap alongwith the toothpaste.

Ans. Under composite supply, two or more taxable supplies of goods or services or both, or any combination thereof, are naturally bundled and supplied in conjunction with each other, in the ordinary course of business, one of which is a principal supply.

(a) Since supply of breakfast and dinner with the accommodation in the hotel are naturally bundled, the said supplies would qualify as 'composite supply'.

(b) Since supply of soap alongwith the toothpaste are not naturally bundled, said supplies do not qualify as 'composite supply'.

Question 12:

Dumdum Electronics has sold the following electronic items to Akbar Retail Store.

- Refrigerator (500 litres) taxable @ 18%
- Stabilizer for refrigerator taxable @ 12%
- LED television (42 inches) taxable @ 12%
- Split air conditioner (2 Tons) taxable @ 28%
- Stabilizer for air conditioner taxable @ 12%

Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail store has given a single cheque of ₹ 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

Answer:

In the given case, the items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply. Further, although Akbar Retail Store has paid a composite discounted price for these goods, Dumdum Electronics has not charged a single price for the said supply. Therefore, said supply is also not a mixed supply. Supply of these goods is, therefore, supply of individual items which are taxable at the respective rates applicable to them.

Question 13:

Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

- Chocolates - 18%
- Fruit juice bottles - 12%
- Toy balloons - 5%

Answer:

As per section 2(74) of the CGST Act, 2017, mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other. Further, as per Section 8 of the CGST Act, 2017, the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Thus, in the given case, supply of packages is treated as supply of chocolates since chocolate attracts the highest rate of tax. The rate of GST applicable on the package of ₹ 6,00,000 (20,000 × ₹30) shall be 18%.

Question 14:

Gagan Engineering Pvt Ltd, registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt Ltd sends its container trucks equipped with items like repair equipments, consumables, tools, parts etc from Haryana workshop to its own repairing centres (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired. Discuss the leviability of GST on the inter-state movement of trucks from the workshop of Gagan Engineering Pvt Ltd in Haryana to its own repairing centres located in other States across India.

Answer:

As per Section 25, a person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as 'distinct persons'.

Schedule I to the CGST Act specifies situations where activities are to be treated as supply even if made without consideration.

Supply of goods and/or services between 'distinct persons' as specified in Section 25, when made in the course or furtherance of business is one such activity included in schedule I.

However, in view of the GST Council's recommendation, it has been clarified that the inter-state movement of various modes of conveyance between 'distinct persons' as specified in Section 25, not involving further supply of such conveyance, including trucks carrying goods or passengers or both or for repairs and maintenance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to IGST.

Thus, in the given case, inter-state movement of trucks from the workshop of Gagan Engineering Pvt Ltd located in Haryana to its repair centres located in other States is 'neither a supply of goods nor supply of service'.

Question 15:

PTL Pvt Ltd is a retail store of merchandise located in 25 states/UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt Ltd launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. Determine how the taxability of the goods supplied under "Buy One Get One Free" scheme is determined.

Answer:

As per section 7(1)(a) of CGST Act, the goods or services which are supplied free of cost (without any consideration) are not treated as "supply" except in case of activities mentioned in Schedule I of the CGST Act. Under "Buy one Get one Free" scheme, it may appear at first glance that in case of offers like "Buy One, Get One Free", one item is being "supplied free of cost" without any consideration. However, it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined accordingly.

Question 16:

Sarvanna & Sons wishes to start supplying liquor in the State of Tamil Nadu. Therefore, it applies for license for selling liquor to the Tamil Nadu Government for it has charged specified fee from it. Examine whether the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply.

Answer:

Services by way of grant of alcoholic liquor license by the State Governments have been notified to be treated neither as a supply of goods nor as a supply of service. Such licence is granted against consideration in the form of licence fee or application fee or by whatever name it is called. This special dispensation is applicable only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and is not applicable/has no precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable. Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is neither a supply of goods nor a supply of service.

Question 17

M/s Chand is a manufacturer of Paper products having factory at Pune, Maharashtra. M/s Kela and M/s Bela of Mumbai, Maharashtra are appointed as agents to sell the products on behalf of m/s Chand with the condition that both of them guarantee the realization of payment from buyers.

Both M/s Kela and M/s Bela provide short-term borrowing facilities to buyers for timely payment of dues against supplies made to them and for this they charge interest from the ultimate buyer. While M/s Kela raises invoices in the name of M/s Chand and M/s Bela raises invoices in its own name.

In light of provisions contained in Para 3 of Schedule I of CGST Act, kindly explain treatment of interest charged by M/s Kela and M/s Bela in above mentioned cases.

Answer:

- M/s Kela and M/s Bela are Del-Credere Agents (DCA) of M/s Chand as they guarantee the payment to the supplier. A DCA falls under the ambit of 'agent' under Para 3 of Schedule I of the CGST Act, 2017 if the invoice for supply of goods is issued by the DCA in its own name. However, if the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA, the DCA is not an 'agent' in terms of Para 3 of Schedule 1. Thus, while M/s Bela is an agent of M/s Chand in terms of Para 3 of schedule I, M/s Kela is not.
- Where the DCA is not an agent under Para 3 of Schedule I, the temporary short-term loan being provided by DCA to the buyer is a supply of service by the DCA to the recipient on principal-to-principal basis and is an independent supply. Said supply is specifically exempt from tax. Thus, interest charged by M/s Kela is an independent supply and is exempt from tax.
- Where the DCA is an agent under Para 3 of Schedule I, the temporary short-term credit being provided by DCA to the buyer no longer retains its character of an independent supply and is subsumed in the supply of the goods by the DCA to the recipient. The value of the

interest charged for such credit is included in the value of supply of goods by DCA to the recipient. Thus, interest charged by M/s Bela will be included in the value of goods supplied by it.

Question 18 :

Explain the concept of composite supply and mixed supply. A trader launches a package sales for marriage containing double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing an invoice showing value of each goods separately, whether this is case of mixed supply or composite supply. Explain.

Answer:

- Composite supply comprises of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.
- Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.
- Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item, ie the package is not supplied for a single price. Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply. Thus, the various items of the package will be treated as being supplied individually and they would be taxed at their respective rates.

Question 19 :

Examine whether the following activities would amount to "supply" under GST law?

(i) Glory Ltd is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charitable organisation approached Glory Ltd to provide financial assistance for its charitable activities. Glory Ltd donated a sum of ₹ 2 lakh to Seva Trust with a condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd.

(ii) Mr Swamy of Chennai is working as a manager with ABC Bank. He consulted M/s Jacobs and company of London and took its advice for buying a residential house in Mumbai and paid them consultancy fee of 200 UK Pound for this import of service.

Answer:

(i) An activity qualifies as supply under GST only if it is for a consideration and is in course/furtherance of business. Donations received by the charitable organizations are treated as consideration only when there's an obligation on part of the recipient of the donation to do anything. Since in the given case, the display of products sold by the donor - Glory Ltd - in charitable organization's premises aims at advertising/promotion of its business, it is supply for consideration in course/furtherance of business and thus, qualifies as supply under GST law.

(ii) Supply includes importation of services, for a consideration whether or not in the course/furtherance of business. Thus, in the given case, the import of services by Mr Swamy amounts to supply although it is not in course/furtherance of business.

Question 20

Mr Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the various activities undertaken by him during the month of October 2023.

S.No.	Particulars	Amount (₹)
(i)	**Commission received as a recovery agent from a Non-Banking Finance Company (NBFC)**	**80,000**
(ii)	**Actionable claim received from normal business debtors**	**10,50,000**
(iii)	**Amount received from ABC Ltd for performance of classical dance in one program**	**1,74,500**
(iv)	**Business assets (old computers) given to a friend free of cost, the market value of all the computers was ₹ 51,000. No ITC has been availed on such computers when used for business.**	**No amount Charged**
(v)	**Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence. Tenant to use the property for stay of employees.**	**15,200**

Details of Input Services:

S.No.	Particulars	Amount (₹)
(i)	**Paid to an unregistered Goods Transport Agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹ 1,450)**	**15,100**

Notes:

1. All the amounts stated above in both the tables are exclusive of GST, wherever applicable.

2. Aggregate turnover of Mr Jayesh in previous year was ₹ 42,00,000.

You are required to compute gross value of supplies, on which GST to be paid by Mr Jayesh for the month of October 2023.

Answer

Computation of Gross Value of Supplies on Which GST Needs To Be Paid By Mr Jayesh:

S.No.	Particulars	Amount (₹)
Outward Leg:		

(i)	Commission received as a recovery agent from a Non-Banking Finance Company (NBFC) {Services provided by a recovery agent to a NBFC are taxable under reverse charge mechanism as per Section 9(3) of CGST Act}	NBFC To Pay GST Under RCM
(ii)	Actionable claim received from normal business debtors {Actionable claims other than lottery, betting and gambling are covered under Schedule III of CGST Act, meaning that they shall neither qualify as supply of goods nor as supply of services}	Not A Supply
(iii)	Amount received from ABC Ltd for performance of classical dance in one program {Services provided by a performing artist in classical art forms of dance, music or theatre are exempt if the amount charged doesn't exceed ₹ 1,50,000 per event. Exemption is not available in the present case since the amount charged for one performance exceeds ₹ $1,50,000$}	1,74,500
(iv)	Business assets (old computers) given to a friend free of cost. No ITC has been availed on such computers when used for business. {Disposal of business assets without consideration shall be regarded as supply only where ITC has availed on such assets. The present transaction wouldn't qualify as supply since no ITC has been availed on business assets?	Not A Supply
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence. {Services provided by way of renting of residential dwelling for use as residence to a registered tenant are taxable under reverse charge mechanism as per section 9(3) of CGST Act?	Tenant To Pay GST Under RCM
Input Leg:		
(i)	Services received from an unregistered GTA for various consignments of transportation of goods by road. Each individual consignment in a single carriage was of less than ₹ 1,450. {Exemption not available because services are provided by GTA to a registered recipient and not to an unregistered recipient. Further since GTA hasn't obtained any registration, it implies that the transaction is taxable under reverse charge. Tax needs to be paid by the registered recipient under RCM. 3	15,100 Mr Jayesh To Pay Tax Under RCM
Gross Value of Supplies on Which Tax Is To Be Paid By Mr Jayesh: ₹ 1,74,500 FCM; ₹ 15,100 RCM		

Question 21:

Charm Limited, registered under GST in the State of Jharkhand, manufactures cosmetic products and appointed Mr Handsome of Mumbai, who is registered under GST in the State of Maharashtra, as their Del-credere agent (DCA) to sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited. In order to realize the payments from customers on time, he extends short term transaction based loans to them and charges interest for the same. Mr Handsome provides you the following details of transactions carried out during March 2023:

	Particulars	Amount in (₹)
Outward Supply:		
(i)	Goods sold by Mr Handsome in his DCA capacity (intra-state transaction)	2,80,000
(ii)	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-state transaction)	20,000
(iii)	Commission bill raised on Charm Limited (inter-state transaction) in respect of DCA services provided.	30,000
Inward Supply:		
(iv)	Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ $2,00,000$	Nil
(v)	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when it provides the same to others.	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amounts given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of input tax credit. You are required to calculate the gross GST liability and eligible input tax credit for the month of March 2023 of Mr Handsome. Brief notes should form part of your answer for treatment of items in S. No. (i) to (v).

Answer

Computation of Gross GST Liability of Mr Handsome For The Month of March 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Goods sold by Mr Handsome in his DCA capacity (₹$2,80,000$) **Add: Interest earned for short term credit facility provided to above customers (₹$20,000$)**	**27,000 [3L × 9%]**	**27,000 [3L × 9%]**	**-**

[Since the invoice for goods sold is issued by the DCA (ie, Mr Handsome) in his own name, he would fall under the ambit of an agent under Schedule I of the CGST Act. Where DCA is an agent under Schedule I of the CGST Act, interest is included in the value of supply of the goods sold as short term credit facility provided by DCA to the buyer is subsumed in the supply of the goods by the DCA to the buyer.]			
Commission charged for DCA services [Being taxable supply of services]	-	-	5,400 [$30,000 \times 18\%$]
Gross GST Liability	27,000	27,000	5,400

Computation of Eligible ITC For The Month of March 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Inward supply of goods from Charm Limited free of cost [Supply of goods by principal (Charm Limited) to the agent (Mr Handsome) qualifies as supply even though it is made without consideration.]	-	-	36,000 [$2,00,000 \times 18\%$]
Training in marketing and distribution received from Charm Limited free of cost [Since no consideration is charged for the services provided, said services do not qualify as supply. As no GST is paid on the same, ITC is not available]	-	-	-
Total ITC Available	Nil	Nil	36,000

Question 22:

Examine whether the following activities would amount to "supply" under GST law?

(i) Mr Sonu from Chandigarh purchased a water cooler from Malhotra Bros of Hoshiarpur for ₹ 25,000 to donate it to a temple situated in Hoshiarpur. Mr Sonu directed Malhotra Bros to engrave the words on the water cooler - "Donated by Mr Sonu from Chandigarh" and dispatch the water cooler directly to the temple.

(ii) Wesco Ltd, a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office.

Answer:

(i) An activity qualifies as supply under GST only if it is carried out for a consideration and is in course or furtherance of business. In the existing case, water cooler has been donated to a temple with no reference or mention of any business activity of the donor which otherwise would have got advertised. In case of donations, no GST is leviable where all the three conditions are satisfied - namely the gift or donation is-made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (ie, it leads to no commercial gain) and not advertisement. Since all the conditions are satisfied in the present case, the transaction wouldn't qualify as supply and thus GST shall not be leviable.

(ii) As per section 7(1)(c) of CGST Act read along with Schedule I of CGST Act, import of services by a person from a related person or from any of his establishments located outside India in the course or furtherance of business shall be treated as supply irrespective of the presence of consideration. Therefore, in the present case, management consultancy services received by Wesco Ltd (a registered person in Ahmedabad, Gujarat) free of cost from its head office located in singapore shall be deemed as supply.

Question 23:

Examine the existence of "consideration" for donation received by charitable institutions from individual donors, without quid pro quo an important feature as defined in Section 2(31) of the CGST Act, 2017.

Answer

- Donations received by the charitable institutions from individual donors are treated as consideration only if there exists, quid pro quo, ie there is an obligation on part of recipient of the donation or gift to do anything.
- When the name of the donor is displayed in recipient institution premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such a manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on the part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

Question 24:

Describe the provisions related to import of services by a registered person as prescribed in sections 7(1)(b), 7(1)(c) and schedule 1 of CGST Act 2017.

Answer

Refer the relevant legal portion given in the book

Question 25:

Mr. Akshay a dealer sells a washing machine for Rs. 30,000 to earn a profit. Does it qualify as a supply?

Answer:

Yes, it qualifies as supply as per Section 7(1)(a) of CGST Act, 2017.

Question 26:

Mr. Ram (an unregistered person) wants to do MBA abroad. He takes Education consultancy services from a UK based consultant for Rs. 10,000. Does it qualify as a supply?

Answer:

Yes, it qualifies as supply, because as per Section 7(1)(b) of CGST Act, 2017, Supply includes import of services for a consideration whether or not in the course or furtherance of business. Hence, in the above case it will be treated as supply.

Question 27:

ABC Ltd. a manufacturing company scraps old plant and machinery due to renovation of manufacturing facility. The company has taken Input Tax Credit on plant and machinery so scrapped without consideration. Does it qualify as a supply?

Answer:

As per Section 7(1)(c) read with Schedule I of CGST Act, 2017, Permanent transfer or disposal of business assets where Input Tax Credit has been availed shall be treated as supply even made without consideration. Hence scrapping of old plant and machinery without consideration shall qualify as supply since Input Tax Credit has been availed by ABC Ltd.

Question 28:

Big Ltd. Provides management technical services without consideration to Small Ltd. In which Big Ltd. Has controlling rights. These technical services have been provided for benefit of entire group. Does it qualify as a supply?

Answer:

As per Section 7(1) (c) read with Schedule I of CGST Act, 2017, Supply of goods or services between related persons is treated as supply even if it is without consideration. As per Explanation to Section 15 of CGST Act, 2017, persons shall be deemed to be "related persons" if "one of them directly or indirectly controls the other". Since Big Ltd. has controlling rights of Small Ltd., they will be treated as related person and the said transaction will qualify as supply.

Question 29:

American Express Pvt. Ltd. makes gifts to an employee worth Rs. 75,000 during the year. Do such gifts qualify as a supply? Would your answer be different if gifts of Rs. 45,000 have been given to employee?

Answer:

As per Section 7(1) (c) read with Schedule I of CGST Act, 2017, supply of goods or services between related persons is treated as supply even if it is without consideration. As per Explanation to Section 15 of CGST Act, 2017, persons shall be deemed to be "related persons" if such persons are employer and employee. Thus, gifts to employee worth Rs. 75,000 will qualify as supply and such supply would be leviable to GST.

If gifts of Rs. 45,000 are given instead of Rs. 75,000, the same will not qualify as supply since it has been specifically provided that gifts not exceeding Rs. 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

Question 30:

Honda Motors Ltd. engages DB Motors as an agent to sell motorcycle on its behalf. For the purpose, Honda Motors Ltd. has supplied 500 cars to the showroom of DB Motors located in Punjab. Does it qualify as supply?

Answer:

As per Section 7(1) (c) read with Schedule I of CGST Act, 2017, Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal shall be treated as supply even if made without consideration. In view of the same Supply of motorcycles by Honda Motors Ltd. to DB Motors will qualify as supply.

Question 31:

Raheja Builders (a registered taxable person) receives architectural design supplied by a foreign architect to design a residential complex to be built in Faridabad for a consideration of Rs. 1 crore. Does it qualify as supply?

Answer:

As per Section 7(1) (b) of CGST Act, 2017, Importation of services for a consideration whether or not in the course or furtherance of business is covered under supply. In the above case it will be treated as supply and will be liable to GST.

Question 32:

Heera Printers is a printing house registered under GST. It receives an order for printing 5000 copies of a book on yoga and meditation authored by a well-known yoga guru. The content of the book is to be provided by the yoga guru to Heera Printers. It is agreed that Heera Printers will use its own paper to print the said books.

You are required to determine the rate of GST applicable on supply of printed books by Heera Printers assuming that rate of GST applicable on services is 18% whereas the rate of GST applicable on supply of goods is 12%.

Answer:

Section 2(30) provides that a composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Circular No. 11/11/2017 GST dated 20.10.2017 has clarified that supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies.

Further, section 8(a) stipulates that a composite supply comprising two or more supplies, one of which is a principal supply, is treated as a supply of such principal supply. Hence, one needs to ascertain what constitutes the principal supply in this supply. As per section 2(90), principal supply is the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.

The above circular further clarifies that in the composite supply of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service.

Accordingly, in the given case, the supply of printed books by Heera Printers is a composite supply wherein the principal supply is supply of printing services. Thus, the rate of GST applicable thereon is the rate applicable on supply of printing services, i.e. 18%.

Question 33:

- **Mr. Ramesh is engaged in the business of beauty products. Few of items on which he has already availed ITC, taken by him for personal use of his family members. Such transaction shall be treated as supply even though there is no consideration involved.**
- **Mr. Kisan purchased furniture on which he has taken ITC. After 2 years, he donated that furniture to an NGO. This donation is treated as supply under the GST law.**

Question 34:

X Ltd. has 3 branches. One at Kolkata, another at Chennai and third one at Mumbai. All these branches are separately registered with GST and treated as distinct persons. Any inter-State transfer (like stock transfer, etc.) among them shall be treated as supply even though there is no consideration.

Question 35:

1. Mr. Prem, Kolkata, is an agent of Mr. Magan, Mumbai. Mr. Prem is acquiring goods on behalf of Mr. Magan and supply it to Mr. Magan. Here, transaction between Mr. Prem and Mr. Magan is treated as supply even though there is no consideration.
2. Similarly, Mr. Ashok, Surat, is an agent of Mr. Magan, Mumbai. Mr. Magan is sending goods to Mr. Ashok for selling that in Surat. Here, transaction between Mr. Ashok and Mr. Magan is treated as supply even though there is no consideration.

Question 36:

What is the taxable event under GST? [FAQ 2]

Answer:

Taxable event under GST is supply of goods or services or both. CGST and SGST/ UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.

Question 37:

Whether supplies made without consideration will also come within the purview of supply under GST? [FAQ 3]

Answer:

Yes, but only those activities which are specified in Schedule I to the CGST Act / SGST Act. The said provision has been adopted in IGST Act as well in UTGST Act also. In cases where the inputs/ capital goods sent for job work are not returned with in the specified time limit, the supplies made by the principal to job worker will also be deemed to be a supply.

Question 38:

Who can notify a transaction to be supply of goods or services? [FAQ 5]

Answer:

Central Government or State Government, on the recommendations of the GST Council, can notify an activity to be the supply of goods and not supply of services or supply of services and not supply of goods or neither a supply of goods nor a supply of services.

Question 39:

Are all goods and services taxable under GST? [FAQ 8]

Answer:

Supplies of all goods and services are taxable except alcoholic liquor for human consumption. Supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be taxable with effect from a future date. This date would be notified by the Government on the recommendations of the GST Council.

Question 40:

- Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.
- When a consumer buys a laptop and he also gets warranty, pre-installed windows and microsoft office applications, this supply is a composite supply. Here, supply of laptop is the principal supply and others are ancillary to it.

- Food supplied to the in-patients as advised by the doctor/ nutritionist is a part of composite supply of health care and not separately taxable". Further supplies of food by hospital to patients (not admitted) or their attendants or visitors are taxable.
- In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing of the content supplied by the recipient of supply is the principal supply.

Question 41:

- A hotel provides a 4-D/3-N package with the facility of breakfast. This is a natural bundling of services in the ordinary course of business. The service of hotel accommodation gives the bundle the essential character and would, therefore, be treated as service of providing hotel accommodation.
- A 5 star hotel is booked for a conference of 100 delegates on a lump sum package with the following facilities:
    - Accommodation for the delegates
    - Breakfast for the delegates,
    - Tea and coffee during conference
    - Access to fitness room for the delegates
    - Availability of conference room
    - Business centre

Question 42:

A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

In order to identify if the particular supply is a Mixed Supply, the first requisite is to rule out that the supply is a composite supply. A supply can be a mixed supply only if it is not a composite supply. As a corollary it can be said that if the transaction consists of supplies not naturally bundled in the ordinary course of business then it would be a Mixed Supply. Once the amenability of the transaction as a composite supply is ruled out, it would be a mixed supply, classified in terms of a supply of goods or services attracting highest rate of tax.

The following illustration given in the Education Guide of CBIC referred to above can be a pointer towards a mixed supply of services: "A house is given on rent one floor of which is to be used as residence and the other for housing a printing press. Such renting for two different purposes is not naturally bundled in the ordinary course of business. Therefore, if a single rent deed is executed it will be treated as a service comprising entirely of such service which attracts highest liability of service tax. In this case renting for use as residence is a negative list service while renting for non-residence use is chargeable to tax. Since the latter category attracts highest liability of service tax amongst the two services bundled together, the entire bundle would be treated as renting of commercial property."

While there are no infallible tests for such determination, the following guiding principles could be adopted to determine whether a supply would be a composite supply or a mixed supply. However, every supply should be independently analysed.

Description	Composite Supply	Mixed Supply
Naturally bundled	**Yes**	**No**
Each supply available for supply individually	**No**	**Yes / No**
One is predominant supply for recipient	**Yes**	**Yes / No**
Other supply(ies) is/ are ancillary or received because of predominant supply	**Yes**	**No**
Each supply priced separately	**Yes / No**	**No**
Supplied together	**Yes**	**Yes**
All supplies can be of goods	**Yes**	**Yes**
All supplies can be of services	**Yes**	**Yes**
A combination of one/ more goods and one/more services	**Yes**	**Yes**

Question 43:

What are composite supply and mixed supply? How are these two different from each other?

Answer:

Composite supply is a supply consisting of two or more taxable supplies of goods or services or both or any combination thereof, which are bundled in natural course and are supplied in conjunction with each other in the ordinary course of business and where one of which is a principal supply. For example, when a consumer buys a television set and he also gets warranty and a maintenance contract with the TV, this supply is a composite supply. In this example, supply of TV is the principal supply, warranty and maintenance service are ancillary.

Mixed supply is combination of more than one individual supplies of goods or services or any combination thereof made in conjunction with each other for a single price, which can ordinarily be supplied separately. For example, a shopkeeper selling storage water bottles along with refrigerator. Bottles and the refrigerator can easily be priced and sold separately.

Question 44:

What is the treatment of composite supply and mixed supply under GST?

Answer:

Composite supply shall be treated as supply of the principal supply. Mixed supply would be treated as supply of that particular goods or services which attracts the highest rate of tax.



CHAPTER 4 COMPOSITION SCHEME

Question 1:

Sultan & Sons, a partnership firm, in Nagpur, Maharashtra is a wholesaler of a taxable product ' P ' and product ' Q ' exempt by way of a notification, in the State of Maharashtra. Its aggregate turnover in the preceding financial year is ₹ 130 lakhs. The firm wishes to opt for composition scheme under sub-sections (1) & (2) of section 10 of the CGST Act. However, its accountant is of the view that a person engaged in making supply of exempt goods is not eligible for the said scheme. Discuss.

Note: Assume that Sultan & Sons is not engaged in manufacture of goods as notified u/s 10(2)(e).

Answer:

The view taken by the accountant of Sultan & Sons is not valid in law. A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, u/s 10(1) & 10(2), in Maharashtra. Further, such person must not be engaged in making any supply of goods which are not leviable to tax under this Act and must not be engaged in making any inter-state outward supplies of goods, for being eligible to pay tax under said scheme.

In the given case, the aggregate turnover of Sultan & Sons does not exceed ₹1.5 crore. Further, it is engaged in making only intra-state supply of goods and Product P supplied by it is taxable and Product Q supplied by it is leviable to tax though exempted by way of notification. Therefore, it is eligible for composition levy u/s $10(1)\&10(2)$ in the current year.

Question 2:

A person availing composition scheme, under sub-sections (1) & (2) of Section 10 of the CGST Act, in Haryana during a financial year crosses the turnover of ₹ 1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, ie till 31^{st} March? Please advise.

Answer:

No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for good's during the financial year exceeds the specified limit (₹1.5 crore). Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event.

Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Question 3:

Determine whether the suppliers in the following cases are eligible for composition levy, u/s 10(1) & 10(2) of the CGST Act, 2017, provided their turnover in the preceding year does not exceed ₹1.5 crore:

(a) Mohan Enterprises is engaged in trading of pan masala in Rajasthan and is registered in the same State.

(b) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighbouring States.

Answer:

(a) A supplier engaged in the manufacture of goods as notified u/s 10(2)(e), during the preceding FY is not eligible for composition scheme u/s 10(1) and 10(2). Ice cream and other edible ice, whether or not containing cocoa, pan masala, tobacco and manufactured tobacco substitutes and aerated waters are notified under this category. However, in the given case, since Mohan Enterprises is engaged in trading of pan masala (and not in manufacture of pan masala) and his turnover does not exceed ₹ 1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.

(b) Since supplier of inter-state outward supplies of goods is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.

Question 4:

Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakhs. It wishes to pay tax under composition levy, u/s 10(1) & 10(2) of the CGST Act, 2017, for one of the places of business in the current year while under normal levy for other. You are required to advice Subramanian Enterprises whether he can do so?

Answer:

A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, u/s 10(1) & 10(2), in Delhi. Since the aggregate turnover of Subramanian Enterprises does not exceed ₹ 1.5 crore, it is eligible for composition levy in the current year. However, all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme. Thus, Subramanian Enterprises either have to opt for composition levy for both the places of business or under normal levy for both the places of business.

Question 5:

Mr Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-state supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakhs.

With reference to the provisions of the CGST Act, 2017, examine whether Mr Ajay can opt for the composition scheme u/s 10(1) & 10(2) of the CGST Act, 2017 in the current financial year? Or whether he is eligible to avail the benefit of composition scheme u/s 10(2A)?

Considering the option of payment of tax available to Mr Ajay, compute the amount of tax payable by him assuming that his aggregate

turnover in the current financial year is ₹ 35 lakhs.

Will your answer be different if Mr Ajay procures few items required for providing repair services from neighbouring state of Madhya Pradesh?

Answer:

- Section 10(1) provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore (₹75 lakhs in Special Category States except Assam, Himachal Pradesh and J&K), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates. However, as per proviso to Section 10(1), person who opts to pay tax under composition scheme may supply services other than restaurant services, of value not exceeding 10% of the turnover in a State or Union Territory in the preceding financial year or ₹ 5 lakhs, whichever is higher. In the given case, since Mr Ajay is an exclusive supplier of services other than restaurant services (ie, repair services), he is not eligible for composition scheme u/s 10(1) & 10(2).
- However, Section 10(2A) provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is upto ₹ 50 lakhs and who is not eligible to pay tax under composition scheme u/s 10 (1) & 10(2), to pay tax @ 6% of the turnover of supplies of goods and services in the State or Union Territory. Thus, in view of the above-mentioned provisions, Mr Ajay is eligible to avail the composition scheme u/s 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakhs and he is not eligible to opt for the composition scheme u/s 10(1) & 10(2). Amount of tax payable by him as per the composition scheme u/s 10(2A) is ₹ 2,10,000 (6% of ₹ 35 lakhs).
- A registered person cannot opt for composition scheme u/s 10(2A), if, inter alia, he is engaged in making any inter-state outward supplies. However, there is no restriction on inter-state procurement of goods. Hence, answer will remain the same even if Mr Ajay procures few items from neighbouring State of Madhya Pradesh.

Question 6:

M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Their aggregate turnover in the preceding financial year by way of supply of appliances was ₹120L. The firm also expects to provide repair and maintenance service of such appliances from the current financial year. With reference to the provisions of the CGST Act, 2017, examine:

(i) Whether the firm can opt for the composition scheme, u/s 10(1) and 10(2) of the CGST Act, 2017, for the current financial year, as the turnover may include supply of both goods and services?

(ii) If yes, up to what amount, the services can be supplied?

Answer:

(i) The registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹1.5 crore, may opt to pay tax under composition levy, u/s 10(1) and 10(2). The scheme can be availed by an intra-state supplier of goods and supplier of restaurant service. However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be. Thus, M/s United Electronics can opt for composition scheme for the current financial year as its aggregate turnover is less than ₹1.5 crore in the preceding financial year and it is not engaged in inter-state outward supplies.

(ii) The registered person opting for composition scheme, u/s 10(1) and 10(2), can also supply services (other than restaurant services) for a value upto 10% of the turnover in the preceding year or ₹ 5 lakhs, whichever is higher, in the current financial year. Thus, M/s United Electronics can supply repair and maintenance services up to a value of ₹ 12 lakhs [10% of ₹ 120 L or ₹ 5 lakhs, whichever is higher] in the current financial year.

Question 7 :

Mr Zafar of Assam, provides the following information for FY 2022-23 (ie, the preceding financial year). You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for FY 2023-24.

S.No.	Particulars	Amount (₹ in lakhs)
(i)	Value of taxable outward supplies (out of ₹ 50 lakhs, ₹ 10 lakhs was in course of inter-state transactions)	50.00
(ii)	Value of exempt supplies (Out of ₹ 70 lakhs, ₹ 30 lakhs was received as interest on loans & advances)	70.00
(iii)	Value of inward supplies on which he is liable to pay tax under reverse charge	5.00
(iv)	Value of exports	5.00
All the amounts are exclusive of GST.		

Answer:

Computation of Aggregate Turnover of Mr Zafar of Assam For FY 2023-24:

S.No.	Particulars	Amount (₹ in lakhs)
(i)	Value of taxable outward supplies (Out of ₹ 50 lakhs, ₹ 10 lakhs was in course of inter-state transactions) {Value of all taxable supplies including inter-state supplies are includible in aggregate turnover}	50.00
(ii)	Value of exempt supplies (Out of ₹ 70 lakhs, ₹ 30 lakhs was received as interest on loans & advances) {Value of exempt supplies is includible in aggregate turnover. However, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount is not includible in aggregate turnover for determining eligibility for composition scheme}	40.00

(iii)	**Value of inward supplies on which he is liable to pay tax under reverse charge {Excludible from aggregate turnover}**	**-**
(iv)	Value of exports {Includible in aggregate turnover}	5.00
Aggregate Turnover for Determining Eligibility for Composition Scheme		95.00

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹1.5 crore in the preceding financial year provided he is not engaged in inter-state outward supplies of goods. Therefore, in the given case, assuming that he is not engaged in making any inter-state outward supply of goods in FY 2023-24, Mr Zafar is eligible to opt for composition levy for FY 2023-24 since his aggregate turnover does not exceed ₹1.5 crore in FY 2022-23.

Question 8:

M/s T is a registered dealer of Andhra Pradesh trading in different types of machinery and its related different types of services. Their aggregate turnover for the preceding financial year (ie, FY 2022-23) from sale of machinery was ₹ 1.32 Cr. It was the first year of business, so they had not started for providing service related to machinery. From FY 2023-24, they are planning to provide repair and maintenance service of ₹ 6.25 Lakh for which they have to purchase some raw material of ₹ 5 Lakh from the other state (till date they are purchasing within state only).

From the information given above, examine whether M/s T can opt for composition scheme u/s 10(1) and 10(2) or 10(2A) of the CGST Act for FY 2023-24?

Answer:

- A registered supplier of goods whose aggregate turnover in the preceding financial year does not exceed ₹ 1.5 crore (₹ 75 lakhs in case of specified special Category States) may opt for composition scheme prescribed u/s 10(1) & 10(2) of CGST Act, 2017 provided the value of services in the current financial year doesn't exceed 10% of turnover of preceeding financial year or ₹5 lakhs, whichever is higher.
- In the present case, the turnover of M/s T during the preceding FY (ie, FY 2022-23) is ₹ 1.32 crore, ie within ₹ 1.5 crore. Therefore, M/s T (engaged in supply of repair and maintenance services along with machines) can opt for composition scheme prescribed u/s 10 (1) & 10(2) of CGST Act, 2017 if the turnover of services in the current FY (ie, FY 2023-24) doesn't exceed ₹ 13,20,000.
- Since the turnover of services during FY 2023-24 is ₹ 6,25,000 (ie, within the permissible limit of ₹ 13,20,000), M/s T can opt for composition scheme prescribed u/s 10(1) & 10(2) of CGST Act, 2017.
- A composition supplier is not permitted to make inter-state supply of goods and/or services on his outward leg, however he is free to make inter-state procurement of goods and/or services on his inward leg. Therefore, inter-state procurement of raw material of ₹ 5 lakhs will not have any impact on the eligibility for composition scheme in the present case.

Question 9:

Mr. Ritesh of Assam, provides the following information for the preceding financial year 2023-24. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2024-25.

Particulars	**₹ in lakh**
Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions)	75.00
Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	15.00
Value of exports	7.00

All the amounts are exclusive of GST. Further, he assured that in F.Y. 2023-24, no inter-State supply will be executed by him.

Answer:

Computation of aggregate turnover of Mr. Ritesh for F.Y. 2023-24 for the purpose of eligibility of composition levy scheme:

Particulars	**₹ in lakh**
Value of taxable outward supplies [All taxable supplies including inter-State supplies]	75
Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount]	40
Value of inward supplies on which Mr. Ritesh is liable to pay tax under reverse charge	Nil
Value of exports	7
Aggregate turnover for determining eligibility for composition scheme	**122**

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year. Therefore, in the given case, Mr. Ritesh is eligible to opt for composition levy for F.Y. 2024-25.

Question 10:

A person availing composition scheme during a financial year crosses the turnover of ₹ 150 Lakhs/₹ 75 Lakhs during the course of the year i.e. say he crosses the turnover of ₹ 150 Lakhs / ₹ 75 Lakhs in December? Will he be allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March? [FAQ 23 (amended)]

Answer:

No. The option availed shall lapse from the day on which his aggregate turnover during the financial year exceeds threshold limit. Once he crosses the threshold, he shall file an intimation for withdrawal from the scheme in Form GST CMP-04 within 7 days of the occurrence of such event. Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in Form GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Question 11:

Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies? [FAQ 25]

Answer:

No. A taxable person opting to pay tax under the composition scheme is out of the credit chain. He cannot take credit on his input supplies.

Question 12:

Can a registered person, who purchases goods from a taxable person paying tax under the composition scheme, take credit on purchases made from the composition dealer? [FAQ 26]

Answer:

No.

Question 13:

Can a person paying tax under the composition scheme issue a tax invoice under GST? [FAQ 27]

Answer:

No.

Question 14:

Is monthly return required to be filed by the person opting to pay tax under the composition scheme? [FAQ 28 (amended)]

Answer:

No. Such persons need to file annual returns in Form GSTR-4 by 30th April of the following year. Further, he is required to file CMP-08 by 18th of the month succeeding the quarter.

Question 15:

Can a person who has already obtained registration, opt for payment under the composition levy? If so, how? [FAQ 39]

Answer:

Yes. Such persons need to give intimation electronically in Form GST CMP-02. But the same must be done prior to commencement of financial year.

Question 16:

In case a person has registration in multiple states? Can he opt for payment of tax under composition levy only in one state and not in other state? [FAQ 41]

Answer:

No. Any intimation under rule 3(3)(1) in respect of any place of business in any State or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

Question 17:

Can a person paying tax under composition levy, withdraw voluntarily from the scheme? If so, how? [FAQ 45]

Answer:

Yes. The registered person who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in Form GST CMP-04, duly signed or verified through electronic verification code, electronically on the common portal.

Every person who has filed an application for, may electronically furnish at the common portal, either directly or through a Facilitation Centre notified by the Commissioner, a statement in Form GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Question 18:

Can the Composition scheme be availed if the taxable person has inter -State inward supplies?

Answer:

Yes. The Composition scheme is applicable subject to the condition that the taxable person does not engage in making inter-State outward supplies 2019), while there is no restriction on making any inter-State inward supplies.

Question 19:

What does the term "person having the same PAN" mean?

Answer:

"Person having the same PAN" means all the units across India having the same PAN as is issued under the Income Tax Law.

Question 20:

What happens if a taxable person who has opted to pay taxes under the composition scheme crosses the threshold limit of ₹ 1.50 crores during the year?

Answer:

In such case, from the day, the taxable person crosses the threshold, the permission granted earlier is deemed to be withdrawn and he shall be liable to pay taxes under the regular scheme i.e., section 9, from such day.

Question 21:

Mr. A, a retailer, presents the following information for the year -

Purchases of goods: Rs. 30,00,000., out of which goods worth Rs. 2,00,000 purchased from unregistered dealer. Sale of Goods: Rs. 49,00,000. He has opted the composition scheme. Show the treatment in GST, assuming that rate under GST are 0.5% CGST and 0.5% (composition scheme) and 9% CGST and 9% SGST (Regular scheme).

Answer:

Tax payable under Composition Scheme:

- CGST payable = $49,00,000 \times 0.5\% = 24,500$
- SGST payable = $49,00,000 \times 0.5\% = 24,500$

Question 22:

A person availing composition scheme during a financial year crosses the turnover of Rs. 150 Lakhs (Rs. 75 lakhs in specified States) during the course of the year, i.e., say he crosses the turnover in December? Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e., till 31st March?

Answer:

No. The option availed shall lapse from the day on which his aggregate turnover during the financial year exceeds Rs. 150 Lacs (Rs. 75 lakhs in specified States).

Question 23:

Delite Brothers, engaged in the sale of spare parts of motor vehicles, have opted for composition. During the year, apart from the sale of spare parts for Rs. 1.2 Cr, they also provided maintenance service to their few customers for which they earned revenue of Rs. 8 Lakhs. Please advise the eligibility of Delite Brothers of composition levy under Section 10 of the CGST Act.

Answer:

Under Section 10 of the CGST Act, the registered person opting to pay tax under composition levy can apart from manufacture / supply of goods, provide service not exceeding 10% of their turnover or Rs. 5 lakhs whichever is higher. In this case, the turnover representing service comes to Rs. 8 lakhs which is less than 10% of their total turnover. Thus, Delite brother shall be eligible for composition levy in that financial year.

Question 24:

XYZ Ltd., a manufacturing concern had effected Intra-State taxable supply of Rs. 20,00,000 and inter-State taxable supply of Rs. 25,00,000 in Financial year 2022-23. The company wants to opt for composition scheme under Section 10 of CGST Act, 2017. As a GST consultant advise XYZ Ltd. whether it can opt for composition scheme.

Answer:

As per provisions of Section 10 of CGST Act, 2017, a manufacturer can opt for composition scheme if he is not engaged in making any Inter-State outward supplies of goods. In this case since XYZ Ltd. has effected inter-State taxable supply of goods, hence it cannot opt for composition scheme.

Question 25:

A, a retailer who keeps no inventories, presents the following expected information for the year -

(1) Purchases of goods: Rs. 50 lakhs (GST @ 5% extra).

(2) Sales (at fixed selling price inclusive of all taxes): Rs. 60 lakhs (GST rate on such goods as per Customs Tariff is @ 5%).

Discuss whether he should opt for composition scheme if composite tax is 1% of turnover. Expenses of keeping detailed statutory records required under the GST Laws will be Rs. 1,20,000 p.a., which shall get reduced to Rs. 50,000 if composition scheme is opted for. Other expenses are Rs. 3,00,000 p.a.

Answer:

The cost to the ultimate consumer under two schemes is as under -

Particulars	Normal GST scheme	Composition Scheme
Cost of goods sold (*No credit under composition scheme, hence, cost of goods sold will be higher)	50,00,000	52,50,000
***Add:* Costs of maintaining records**	1,20,000	50,000
***Add:* Normal Expenses**	3,00,000	3,00,000
Total Costs	**54,20,000**	**56,00,000**
Sales (inclusive of all taxes)	60,00,000	60,00,000
***Less:* Tax (GST = Rs. 60 lakh $\times 5 / 105$); (Composite Tax = Rs. 60 lakh $\times 1\%$)**	2,85,714	60,000
Sales (net of taxes)	57,14,286	59,40,000
Profit of the dealer (Sales, (net of taxes - Total Costs)	**2,94,286**	**3,40,000**

Conclusion: It is apparent that while cost to ultimate consumer, in both the cases remains same, the profit of the dealer is higher if the dealer opts for composition scheme. Hence, composition scheme should be opted.

Question 26:

Applicability of composition scheme: XYZ Ltd. is having two factories. One factory is located in Rajasthan is manufacturing readymade garments and another factory located in Gujarat is engaged in manufacture of auto components. The turnover details of Financial Year 2024-25 are as under:

	Particulars	Rs.
(1)	Intra-State supply of readymade garments in Rajasthan	28,00,000
(2)	Intra-State supply of auto-components in Gujarat	18,00,000
	Total Value of taxable supplies	**46,00,000**

The company wants to opt for composition scheme for factory in Rajasthan and tax at normal rates in Gujarat. Advise.

Answer:

According to Section 10(2) of CGST Act, 2017, All Registered person having same PAN have to opt for Composition Scheme. If one opts for regular levy for one registered place, others become ineligible for composition levy. Thus, XYZ Ltd. cannot opt for composition scheme in Rajasthan and pay normal tax in Gujarat.

Question 27:

Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2), provided their turnover in preceding year does not exceed Rs.1.5 crore:

(i) Ram Enterprises is engaged in trading of pan masala in Rajasthan and is registered in the same State.

(ii) Shyam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighbouring States.

Answer:

(i) A supplier engaged in the manufacture of goods as notified under section 10(2)(e), during the preceding FY is not eligible for composition scheme under section 10(1) and 10(2). Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes and aerated waters are notified under this category. However, in the given case, since Ram Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed Rs.1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.

(ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Shyam Manufacturers is not eligible for composition levy.



CHAPTER 5 TIME OF SUPPLY

Question 1:

Explain the significance of time of supply under GST law.

Answer:

GST is payable on supply of goods or services. Time of supply indicates the point in time when the liability to pay tax arises. However, it is important to note that though the liability to pay tax arises at the time of supply, the same can be paid to the Government by the due date prescribed with reference to the said 'time of supply'. The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13.

Question 2:

GST is payable on advance received for supply of goods and services taxable under forward charge. Do you agree with the statement? Support your answer with legal provisions.

Answer:

The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge. As per Section 13, the time of supply of services taxable under forward charge needs to be determined as follows:

- If the invoice is issued within 30 days from the date of supply of service, the time of supply is date of issue of invoice or date of receipt of payment, whichever is earlier.
- If the invoice is not issued within 30 days from the date of supply of service, the time of supply is date of provision of service or date of receipt of payment, whichever is earlier.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, Notification No 66/2017-CT dated 15th November 2017 provides that a registered person (excluding composition supplier) should pay GST on the outward supply of goods at the time of supply as specified in Section 12(2) (a) {ie, the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31). Therefore, in case of goods, tax is not payable on receipt of advance payment.

Question 3:

Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S.No.	Date of Receipt of Goods	Date of Payment by Recipient of Goods	Date of Issue of Invoice by Supplier of Goods	Time of supply
(i)	July 1	August 10	June 29	
(ii)	July 1	June 25	June 29	
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29	
(iv)	July 5	Payment is entered in the books of accounts on June 28 and debited in recipient's bank accounts on June 30	June 1	
(v)	July 1	Payment is entered in the books of accounts on June 30 and debited in recipient's bank accounts on June 26	June 29	
(vi)	August 1	August 10	June 29	

Question 4:

Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S.No.	Date of Payment by Recipient of Services	Date of Issue of Invoice by Supplier of Services	Time of supply
(i)	. August 10	June 29	
(ii)	August 10	June 1	
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29	
(iv)	Payment is entered in the books of accounts on June 28 and debited in recipient's bank accounts on June 30	June 1	

(v)	Payment is entered in the books of accounts on June 30 and debited in recipient's bank accounts on June 26	June 29	

Question 5:

Kabira industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, ie 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July. What is the time of supply of the transporter's service?

Answer:

As per Section 13(3), time of supply of service taxable under reverse charge is the earlier of the following two dates:

Date of payment; 61st day from the date of issue of invoice.

In this case, the date of payment precedes 61st day from the date of issue of invoice by the supplier of service. Hence, the date of payment, ie 17th June, will be treated as the time of supply of service.

Question 6:

Raju Pvt Ltd receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice. When is the time of supply of service?

Answer:

Since the invoice has not been issued within the prescribed time period, time of supply of service will be the earlier of the following two dates in terms of section 13(2):

- Date of provision of service;
- Date of receipt of payment.

The payment was received on 5th January and the service was provided on 23rd April. Therefore, the date of payment, ie 5th January is the time of supply of the service in this case.

Question 7:

Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was raised and the transaction (dispatch of cartons) were not entered in the accounts. There was no evidence of receipt of payment. What is the time of supply of 150 cartons for the purpose of payment of tax?

Answer:

As per Notification No 66/2017-CT dated 15th November 2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in Section 12(2) (a) {ie, date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31}. In this case since the invoice has not been issued, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued.

The invoice for supply of goods must be issued on or before the dispatch of goods, ie on 2nd August. Therefore, the time of supply for the purpose of payment of tax for the goods will be 2nd August, the date when the invoice should have been issued.

Question 8:

An order is placed on Ram & Co on 18th August for supply of a consignment of customized shoes. Ram & Co gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co on 7th December and electronically transfers the payment on the same date, which is entered in the accounts on the next day, 8th December. What is the time of supply of the shoes for the purpose of payment of tax?

Answer:

As per Notification No 66/2017-CT dated 15th November 2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in Section 12(2) (a) {ie, date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31}. In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed u/s 31(1).

Therefore, the time of supply for the purpose of payment of tax is the date of issue of invoice, which is 2nd December.

Question 9:

Meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months. What is the date of supply of the coupons?

Answer:

As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption in terms of Section 12(4).

Question 10:

A firm of advocates issues invoice for services to ABCLtd on 17th Feb. The payment is contested by ABCLtd on the ground that on account of negligence of the firm, the company's case was dismissed by the court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services.

Answer:

Tax on services supply by a firm of advocates by way of legal services to any business entity is payable under reverse charge by such firm of advocates. As per Section 13(3), the time of supply of services that are taxable under reverse charge is earliest of the following two dates:

- Date of payment (3^{rd} November); or
- 61st day from the date of issue of invoice (19^{th} April).

The date of payment comes subsequent to the 61^{st} day from the issue of invoice by the supplier of service. Therefore, the 61^{st} day from the date of supplier's invoice has to be taken as the time of supply. This fixes 19^{th} April as the time of supply.

Question 11:

Modern Security Co provides service of testing of electronic devices. In one case, it tested a batch of devices on 4^{th} and 5^{th} September but could not raise invoice till 19^{th} November because of some dispute about the condition of the devices on return. The payment was made in December. What is the method to fix the time of supply of the service?

Answer:

Section 13 provides that if the invoice is not issued within 30 days from the date of supply of service, the time of supply of service is the date of provision of service or the date of receipt of payment, whichever is earlier.

In this case, the service is provided on 5^{th} September but not invoiced within the prescribed time limit. Therefore, 5^{th} September, the date of provision of service, being earlier than the date of payment, will be the time of supply.

Question 12:

M/s XYZ & Co, a firm of Chartered Accountants, issued invoice for services rendered to Mr A on 7^{th} September. Determine the time of supply in the following independent cases:

(i) The provision of service was completed on 1^{st} August and payment was received on 28^{th} September.

(ii) The provision of service was completed on 14^{th} August and payment was received on 28^{th} September.

(iii) Mr A made the payment on 3^{rd} August. However, provision of service was remaining to be completed at that time.

(iv) Mr A made the payment on 15^{th} September. However, provision of service was remaining to be completed at that time.

Answer:

Section 13 provides that if the invoice is issued within 30 days from the date of supply of service, the time of supply of service is the date of issue of invoice or the date of receipt of payment, whichever is earlier. However, if the invoice is not issued within 30 days from the date of supply of service, the time of supply of service is the date of provision of service or the date of receipt of payment, whichever is earlier.

In accordance with the aforesaid provisions, the time of supply in the four independent cases will be:

(i) 1^{st} August since the invoice is not issued within 30 days of supply of service.

(ii) 7^{th} September since the invoice is issued within 30 days of supply of service and the payment is received after the issuance of invoice.

(iii) 3^{rd} August {ie, Earlier of date of invoice (7^{th} September) or date of receipt of payment (3^{rd} August)}

(iv) 7^{th} September {ie, Earlier of date of invoice (7^{th} September) or date of receipt of payment (15^{th} September)}

Question 13:

M/s Pranav Associates, a partnership firm, provided recovery agent services to Newtron Credits Ltd, a non-banking financial company and a registered supplier, on 15^{th} January. Invoice for the same was issued on 7^{th} February and the payment was made on 18^{th} April by Newtron Credits Ltd. Bank account of the company was debited on 20^{th} April. Determine the following:"

(i) Person liable to pay GST

(ii) Time of supply of service

Answer:

(i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company. Therefore, in the given case, person liable to pay GST is the NBFC - Newton Credits Ltd.

(ii) As per Section 13(3), the time of supply of service on which GST is payable under reverse charge is earlier of the following:

- Date of payment as entered in the books of account of the recipient (18^{th} April);
- Date on which the payment is debited in his bank account (20^{th} April); or
- Date immediately following 60 days since issue of invoice by the supplier (9^{th} April).

Thus, time of supply of service is 9^{th} April.

Question 14.

Mr X supplied goods for ₹$50,000$ to its customer Miss Diyana on 1^{st} January on the condition that payment for the same will be made within a week. However, Miss Diyana made payment for the said goods on 2^{nd} February and thus, paid interest amounting to ₹2,000. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

Answer:

As per Section 12(6), the time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed payment of consideration is the date on which the supplier received such additional consideration. Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, ie 2^{nd} February.

Question 15:

M/s Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. It has furnished the following information:

· Goods were supplied on 3 rd October

· Invoice was issued on 5th October

· Payment received on 9th October

Determine the time of supply of goods for the purpose of payment of tax.

Answer:

As per Notification No 66/2017-CT dated 15th November 2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) {ie, date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31}. Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient.

Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods, ie on 3rd October. However, since the invoice has not been issued within the prescribed time, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued, ie 3rd October.

Question 16: (TOS Of Goods - Supply Involves Movement of Goods)

Determine the time of supply in each of the following independent cases as per the provisions of section 12 of CGST Act in case supply involves movement of goods.

S.No.	Date of Removal	Date of Invoice	Date When Goods Made Available To Recipient	Date of Receipt of Payment
1.	01-10-2023	02-10-2023	03-10-2023	15-11-2023
2.	03-10-2023	01-10-2023	04-10-2023	25-11-2023
3.	04-11-2023	04-11-2023	06-11-2023	01-10-2023

Question 17: (TOS Of Goods - Supply Involves Movement of Goods)

Determine the time of supply in each of the following independent cases as per the provisions of Section 12 of Section 12 of CGST Act in case supply involves movement of goods.

S.No.	Invoice Date	Invoice Due Date	Payment Entry In Supplier's Books	Credit In Bank Account
1.	10-11 - 2023	20-11-2023	28-11-2023	30-11-2023
2.	30-11-2023	18-11-2023	10-11 - 2023	28-11-2023

Question 18: (TOS Of Goods - Supply Does Not Involve Movement of Goods)

Determine the time of supply in each of the following independent cases as per the provisions of Section 12 of CGST Act in case supply doesn't involve movement of goods.

S.No.	Date of Invoice	. Date When Goods Made Available To Recipient	Date of Receipt of Payment
1.	02-10-2023	03-10-2023	15-11-2023
2.	04-10-2023	01-10-2023	25-11-2023
3.	04-11-2023	06-11-2023	01-10-2023

Question 19: (TOS Of Goods - Continuous Supply of Goods)

Determine the time of supply in each of following independent cases in accordance with provisions of Section 12 of CGST Act in case supply of goods amounts to continuous supply of goods.

S.No.	Invoice Date	Removal of Goods	Statement of Accounts	Receipt of Payment
1.	01-12-2023	15-11-2023 25-11-2023	05-12-2023	02-12-2023
2.	21-01-2024	18-01-2024 31-01-2024	05-01-2024	10-02-2024
3.	08-02-2024	14-01-2024 23-01-2024	05-02-2024	01-02-2024

Question 20: (TOS of Goods - Reverse Charge Basis)

Determine the time of supply in each of the following independent cases in accordance with provisions of Section 12 of CGST Act in

case recipient of goods is liable to pay tax under reverse charge mechanism.

S.No.	Date of Invoice	Date of Receipt of Goods	Date of Payment In Books	Date When Payment Debited In Bank Account
1.	01-10-2023	05-10-2023	10-10-2023	12-10 - 2023
2.	01-10-2023	15-10-2023	10-10-2023	12-10-2023
3.	01-10-2023	15-10-2023	12-10-2023	10-10-2023
4.	01-10-2023	15-11-2023	18-11-2023	20-11-2023

Question 21: (TOS of Goods - Reverse Charge Basis)

From the following information, determine the time of supply if supply of goods is taxed under reverse charge basis:

S.No.	Date of Invoice Issued By Supplier	Removal of Goods	Receipt of Goods	Date of Entry In Books of Accounts of Recipient	Date of Debit In Bank Account of Recipient
1.	31-12-2023	31-12-2023	20-01-2024	30-01-2024	01-02-2024
2.	31-12-2023	31-12-2023	20-01-2024	05-01-2024	06-01-2024
3.	31-12-2023	28-02-2024	05-03-2024	NA	NA

Question 22: (TOS of Services)

Determine the time of supply in each of the following independent cases in accordance with Section 13 of CGST Act:

S.No.	Date of Actual Provision of Service	Date of Invoice	Date of Payment
1.	10-11 - 2023	30-11-2023	15-12-2023
2.	10-11 - 2023	30-11-2023	15-11-2023
3.	10-11-2023	30-11-2023	15-11-2023 (Part) and 10-12-2023 (remaining)
4.	10-11 - 2023	30-11-2023	06-11-2023 (Part) and 09-11-2023 (remaining)
5.	10-11-2023	30-11-2023	06-11-2023 (Part) and 16-11-2023 (remaining)
6.	10-11-2023	12-12-2023	30-04-2024
7.	10-11-2023	12-12-2023	05-11-2023 (Part) and 25-12-2023 (remaining)
8.	10-11 - 2023	22-12-2023	12-12-2023

Question 23: (TOS of services)

Determine the time of supply in each of the following independent cases in accordance with section 13 of CGST Act:

S.No.	Date of Completion of Service	Date of Invoice	Payment Entry in Supplier's Books	Credit In Bank Account	Remarks
1.	20-10-2023	21-10-2023	26-10-2023	30-10-2023	
2.	20-10-2023	30-10-2023	24-10-2023	22-10-2023	
3.	16-11-2023	26-12-2023	28-01-2024	29-01-2024	
4.	01-12-2023	30-10-2023 30-10-2023	30-10-2023 06-12-2023	30-10-2023 08-12-2023	₹ SL is received as advance on 30-10-2023 and balance amount of ₹ 6,80,000 is received on 06-12-2023

Question 24: (TOS of services - Continuous Supply of Services)

From the following information, determine the time of supply of services. The supply is a continuous supply of service where contract provides for monthly payment upto 15^{th} of the succeeding month.

S.No.	Entry of Provision of Services In Books	Date of Invoice	Due Date of Payment As Per Contract	Receipt of Payment
1.	30-11-2023	07-12-2023	15-12-2023	20-12-2023
2.	31-12-2023	22-01-2024	15-01-2024	20-01-2024
3.	31-01-2024	15-02-2024	15-02-2024	11-02-2024

Question 25:

Know & Grow Publishers, a registered dealer in India, paid an advance of ₹ 50,000 to Mr Ganatra, an author, for the copyright covered u/s 13(1) (a) of the Copyright Act, 1957 of his original literary work on 5-9-2023. It made the balance payment of ₹ 1,50,000 on 12-12-2023. You are required to determine the time of supply, if Mr Ganatra raised the invoice on:

(i) 6-10-2023; or

(ii) 17-12-2023.

Answer:

GST on supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered u/s 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher is payable under reverse charge by such publisher, i.e. Know & Grow Publishers.

The time of supply of service, on which GST is payable under reverse charge, is earlier of the following two dates:

- Date of payment; or
- 61st day from the date of issue of invoice by the supplier.

(i) If the invoice is issued on 06.10.2023, time of supply shall be as under:

· For the payment of ₹ 50,000-05.09.2023 {earlier of date of payment and 61st day from the date of issue of invoice}

· For the payment of ₹ 1,50,000 – 06.12.2023 {earlier of date of payment and 615t day from the date of issue of invoice}

(ii) If the invoice is issued on 17.12.2023, time of supply shall be as under:

· For the payment of ₹ 50,000-05.09.2023 {earlier of date of payment and 61st day from the date of issue of invoice}

· For the payment of ₹ 1,50,000-12.12.2023 {earlier of date of payment and 61st day from the date of issue of invoice}

Question 26:

BA Telecommunications Ltd. charges Rs. 100 as late fees from the customer on account of non-payment of bill on due date for the month of February 2025. The customer paid such late fee on 05.04.2025.

Determine the time of supply of late fees.

Answer:

The time of supply of such late fees will be the date on which BA Telecommunications Ltd. receives the amount of late fees from the customer which is **05.04.2025**.

Question 27:

Mr. A provides legal services as an advocate to Mr. B which fall under reverse charge basis.

- **10.04.2025 – The services are provided to Mr. B**
- **12.04.2025 – Mr. A issues an invoice to Mr. B**
- **10.07.2025 – The payment is made by Mr. B through a cheque and recorded in his books of accounts**
- **15.07.2025 – The payment gets debited from Mr. B's bank account**

In this case, the time of supply shall be earlier of the following dates:

- **The date of payment i.e. 10.07.2025 (earlier of 10.07.2025 and 15.07.2025)**
- **The date immediately following sixty days from the date of issue of invoice i.e. 12.06.2025 (12.04.2025 + 60 days + 1 day).**

Therefore, the time of supply shall be 12.06.2025.

NOTE: Date of issue of Invoice is not directly considered as the invoice is issued by the Supplier and not by the recipient of supply.

Question 28:

Bharti Airtel Ltd. issued an invoice of ₹4,500 to Orion Pvt. Ltd. for the month of June, 2025 on 1st July, 2025. The company paid ₹5,000 against this bill on 8th July, 2025.

Here, Time of supply for ₹4,500 shall be 1st July, 2025 or 8th July, 2025 whichever is earlier i.e. 1st July, 2025 {Being earlier of date of issue of invoice or date of receipt of payment as the invoice is issued within 30 days from the date of provision of service (section 13(2) of the CGST Act)}.

However, for advance/excess amount of ₹500 received on 8th July, 2025, time of supply as per proviso to section 13(2) of the CGST Act, at the option of Bharti Airtel shall be date of issue of subsequent invoice when this advance will be adjusted i.e. 1st August, 2025.

Question 29:

Determine the time of supply from the following particulars:

Date	Particulars
15th October, 2025	The marriage hall was fixed and the advance of INR 25,000 was paid (amount agreed was INR 1,00,000)
20th October, 2025	Invoice issued for INR 25,000
30th November, 2025	The marriage ceremony took place in the hall
14th December, 2025	The invoice was issued for balance INR 75,000 indicating & adjusting the advance paid earlier

31st December, 2025	The balance payment was received

Answer:

In the above case, the invoice was issued within the prescribed time (that is within 30 days of the event) and hence the time of supply would be the earlier of:

a) Date of invoice: which is 14th December, and

b) The date of receipt of payment: which is 31st December

Therefore, for the amount of **INR 75,000**, the time of supply would be **14th December**. For the advance of **INR 25,000**, the date of payment precedes the invoice and hence the time of supply for that amount would be **15th October**.

Question 30:

Shiva Supplies goods to Ramesh for Rs. 4,00,000 on 01.03.2025 on one month credit. It is also specified in the invoice that if the recipient fails to make payment within one month, then interest @Rs. 4,000 shall be charged for every delay of one month or part thereof. Ramesh makes the payment of Rs. 4,00,000 on 22.04.2025. However, in respect of interest, he requests Shiva for complete waiver, but Shiva agrees for waiving only 50% of Rs. 4,000. Consequently, Ramesh makes payment of Rs. 2,000 as interest on 30.04.2025.

Determine the time of supply of goods and time of supply in relation to value of supply by way of interest.

Answer:

(1) Time of supply of goods {Section 12(2) of the CGST Act}

Date of invoice as well as date on which invoice is supposed to be issued as per section 31 of the CGST Act is 01.03.2025.

Date of receipt of payment is 22.04.2025. Whichever is earlier.

Thus, the time of supply of goods shall be **01.03.2025**.

(2) Time of supply in relation to value of supply by way of interest {Section 12(6) of the CGST Act}

It shall be **30.04.2025** i.e. the date of receipt of the interest amounting to Rs. 2,000.

Question 31:

ABC Ltd., enters into an arrangement with "Hush Puppies", buys the vouchers, these vouchers were issued on 14th December, 2025. The Company then distributes these vouchers with denomination INR 4,000/- to all its employees on 24th December, 2025 valid until 31st January, 2026, so that they can use these vouchers for buying shoes of their choice. The employees make the most of it and redeem these vouchers on the New Year's, i.e., on 1st January, 2026.

Answer :

In this case, the supply is identifiable at the point of issue of the voucher and hence the time of supply would be construed as 14th December, 2025.

Question 32:

Nisha buys a voucher from Shoppers Stop for INR 10,000 and gifts it to Tarun on 14th February. The voucher was valid until 29th February. Tarun redeems the vouchers at the nearby Shoppers Stop store on 29th February.

Answer:

In this case, the supply was not identifiable at the point of issue of the voucher as Tarun was open to purchase anything from Shoppers Stop, therefore the time of supply would be construed as the date of redemption of the voucher, that is 29th February.

Question 33:

Mr. A, an agriculturist supplies raw cotton (under reverse charge) to Mr. B who manufactures cotton shirts. The date wise turnout of events is given below:

- **01.04.2025**- Mr. B approaches Mr. A and places an order for 1 ton of cotton
- **10.05.2025**- Mr. B receives the goods
- **15.05.2025**- Mr. A issues an invoice
- **20.05.2025**- Mr. B makes a payment by cheque and accordingly records it in his books of accounts.
- **25.05.2025**- The payment gets debited from Mr. B's bank account

Answer:

In this case, the time of supply shall be the earlier of the following dates:

- **a)** The date of receipt of goods i.e. 10.05.2025
- **b)** The date of payment as recorded in the books of Mr. B i.e., 20.05.2025 or the date when the payment gets debited in the books of the recipient i.e. 25.05.2025 whichever is earlier
- **c)** The date immediately following thirty days from the date of issue of invoice, i.e. 15.05.2025 + 30 days + 1 day = 15.06.2025

Therefore, the time of supply will be 10.05.2025.

Question 34:

An order is placed on Shyam & Co. on 18th August for supply of a consignment of customized shoes. Shyam & Co. gets the consignment ready and informs the customer and issues the invoice on 3rd December. The customer collects the consignment from the premises of Shyam & Co. on 7th December and electronically transfers the payment on the same date, which is entered in the accounts on the

next day, 8th December.

What is the time of supply of the shoes for the purpose of payment of tax?

Answer:

As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, the time of supply for the purpose of payment of tax is the date of issue of invoice, which is 3rd December.

Question 35:

Antra Ltd. supplied goods to Mantra Ltd., under a contract for the goods to be delivered to the factory of Antra Ltd. The goods were removed from the factory of Antra Ltd. on 9th September, 2025 and the goods were delivered to the factory of Mantra on 16th September, 2025.

The invoice was issued on 18th September, 2025 and the payment was credited to Antra's account on 20th October, 2025 although the entry in the books was made on 19th September, 2025 when the cheque was received.

Please advise on the Time of Supply.

Answer:

In the above case, the relevant dates are as under:

- Date of issue of invoice: 18th September, 2025.
- Due date for issue of invoice: 9th September, 2025 (as the supply involved movement of goods).
- Date of receipt of payment: 19th September, 2025 (earlier of the entry in the books and the credit in the bank account) [Date of payment not relevant in terms of Notification No. 66/2017 - CT dated 15.11.2017]

Hence, the time of supply will be 9th September, 2025.

Question 36:

Determine the time of supply in following cases:

Case	Invoice Issued on	Removal of goods for supply on	Goods made available on	Payment received on	Time of Supply
1.	15/04/2024	20/04/2024	20/04/2024	19/04/2024	15/04/2024
2.	15/05/2024	20/04/2024	20/04/2024	19/04/2024	20/04/2024
3.	15/04/2024	NA	20/04/2024	27/04/2024	15/04/2024
4.	15/05/2024	NA	20/04/2024	30/05/2024	20/04/2024
5.	15/04/2024	20/04/2024	20/04/2024	19/03/2024	15/04/2024

Question 37:

Ramesh issues an invoice of ₹ 54,200 for supply of goods as on 10/04/2024 and received ₹ 55,000 in his bank account through NEFT on the same date which was credited into his books of account on 11/04/2023. Determine the time of supply of goods and the time of supply of excess receipt. How shall your answer differ, if he received ₹ 75,000 instead of ₹ 55,000?

Answer:

- **a.** Time of supply in case of supply of goods shall be 10/04/2024. Date of receipt of payment is not relevant for determining time of supply in view of the Notification No. 66/2017-CT dated 15/11/2017.
- **b.** Ramesh has received ₹ 800 in excess. He will adjust the excess amount against the next supply. The time of supply of such excess amount shall be the date of issuance of next invoice.
- **c.** In alternate situation, he has received ₹ 20,800 in excess. Even in this situation, the time of supply of such excess amount shall be the date of issuance of next invoice assuming that this excess will be adjusted in the said invoice.

Question 38:

Certain goods are sent by Mr. X on sale on approval or return basis to Mr. Y on 22nd April 2024. The supply gets confirmed and invoice is issued on:

- **Case 1:** 20th August 2024
- **Case 2:** 22nd November 2024

Payment in each of the cases is made on 23rd November 2024. Determine the time of supply.

Answer:

Date of receipt of payment is immaterial for the purpose of calculating time of supply u/s 12 of the CGST Act 2017. Therefore, 23rd November 2024 should be ignored altogether. The time of supply should be earlier of the date of issuance of invoice or the last date of issuance of invoice. The last date of issuance of invoice will be the earlier of the confirmation of supply or 6 months from the date of removal.

In case 1, the confirmation of supply occurred before 6 months from the date of removal. Thus, the last date of issuance of invoice was 20th August 2024. On this date, the invoice was issued. Hence, the time of supply will be 20th August 2024.

In case 2, the confirmation of supply happened after 6 months from the date of removal. The period of 6 months expired on 21st October

2024. Hence, the invoice was required to be issued by this date. Since the invoice was issued on 22nd November 2024, the actual date of issue of invoice will be considered as falling after the last date of issuance of invoice. The time of supply will be the last date of issuance of invoice i.e., 21st October 2024.

Question 39:

Mr. Amar supplies goods (liable under reverse charge) to Mr. Nath. You are required to determine time of supply considering following details:

Date	Event
01.04.2024	Mr. Nath approaches Mr. Amar and places an order
10.04.2024	Mr. Nath receives the goods
15.04.2024	Mr. Amar issues an invoice
20.04.2024	Mr. Nath makes a payment by cheque and accordingly records it in his books of accounts
25.04.2024	The payment gets debited from Mr. Nath's bank account

How shall your answer differ if the goods were received by Mr. Nath on 30.04.2024 instead of 10.04.2024

Answer:

The time of supply shall be the earlier of the following dates:

- **a.** the date of receipt of goods i.e. 10.04.2024
- **b.** the date of payment as recorded in the books of Mr. Nath i.e. 20.04.2024
- **c.** the date when the payment gets debited from the bank of Mr. Nath i.e. 25.04.2024
- **d.** the date immediately following 30 days from the date of issue of invoice by Mr. Amar, i.e. 15.04.2024 + 30 days + 1 day = 16.05.2024

Therefore, the time of supply will be 10.04.2024.

Question 40:

Mr. Viswa enters into a contract for supply of goods worth ₹ 10, 00,000 with Mr. Nath on 10th April 2024. Such goods are removed with an invoice dated 12th April 2024 on 13th April 2024 for delivery to Mr. Nath. The terms of the contract demanded the payment against such supply to be made within 60 days beyond which a late payment charge of ₹ 20,000 will have to be paid by Mr. Nath. Mr. Nath makes the payment of ₹ 10,00,000 along with the late payment charges on 15th July 2024. What will be the time of supply in respect of the entire amount?

Answer:

In sec. 12(2), the time of supply in respect of ₹ 10, 00,000 will be the date of issuance of invoice or last date of issuance of invoice. Last date of issuance of invoice will be the date of removal where supply involves movement of goods.

- Date of issuance of invoice: 12th April 2024
- Last date of issuance of invoice: 13th April 2024 (date of removal)
- The date of payment is immaterial as per Notification no. 66/2017-CT dated 15th November 2017.

So, the time of supply will be 12th April, 2024 in respect of ₹ 10, 00,000.

However, in respect of the time of supply for the amount of ₹ 20,000 paid as late payment charges, time of supply as per sec. 12(6) has been stated to be the date on which the supplier receives the addition in value. Here, the additional amount of ₹ 10,000 is received on 15th July 2024. Hence, the time of supply for this amount will also arise on 15th July 2024. *(Note: There appears to be a typo in the text where it mentions ₹ 10,000 in the final sentence instead of the ₹ 20,000 late fee mentioned in the problem).*

Question 41:

Case	Date of Supply of service	Date of issue of invoice	Date of entering payment in books	Date of credit of payment in bank	Time of Supply
1.	15/04/2024	20/04/2024	22/04/2024	24/04/2024	**20/04/2024**
2.	15/04/2024	20/05/2024	20/04/2024	20/04/2024	**15/04/2024**
3.	15/04/2024	20/04/2024	18/04/2024	17/04/2024	**17/04/2024**
4.	15/04/2024	20/04/2024	02/04/2024	03/04/2024	**02/04/2024**
5.	15/04/2024	20/05/2024	02/04/2024	01/04/2024	**01/04/2024**

Question 42:

Mr. Kedar provides consultancy services to Mr. Nath worth ₹ 50,000.

Date	Transaction
08.04.2024	An advance of ₹ 10,000 is received from Mr. Nath

10.04.2024	The consultancy services are provided
16.05.2024	Mr. Kedar receives balance payment of ₹ 40,000 and records it in his books.

What will be the time of supply assuming Mr. Kedar issues the invoice on:

- Situation 1 - 15.04.2024
- Situation 2 – 15.05.2024

Answer:

Situation 1

In the given case,

- **Date of issue of invoice** (which is within 30 days of the supply of service): 15.04.2024
- **Date of payment:**
  - ₹ 10,000: 08.04.2024
  - ₹ 40,000: 16.05.2024

If the invoice is issued within the prescribed time period, the time of supply will be the date of receipt of payment or date of issue of invoice whichever is earlier. Hence, for ₹ 10,000, the time of supply will be 08.04.2024 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 15.04.2024 which is earlier of 15.04.2024 (date of invoice) and 16.05.2024 (date of receipt of payment).

Situation 2

If invoice is not issued within the prescribed time period, the time of supply will be the earlier of the date of completion of service and the date of receipt of payment. Here, invoice is issued on 15.05.2024 which is after the prescribed time period. So, for ₹ 10,000, the time of supply will be 08.04.2024 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 10.04.2024 which is earlier of 10.04.2024 (date of completion of service) and 16.05.2024 (date of receipt of payment).

Question 43:

During investigation, it was found that Mr. X had provided catering services of ₹ 1,00,000 to Mr. Y during his business convention. The payment for these services was made in cash. Mr. X had neither issued any invoice nor recognised the payment in his books of accounts. Mr. Y recorded the payment of ₹ 1,00,000 in cash in his books on 28th April 2024. What will be the time of supply in this case?

Answer:

Since, the date of receipt of payment or the date of invoice is not available in case of Mr. X, the date when the payment is recorded in the books of the recipient becomes relevant. Since, Mr. Y recorded this on 28th April, the time of supply for such supply will also be considered as 28th April 2024.

Question 44:

A contract for supply of professional services was entered for ₹ 10,00,000 for the period of 3 months on 20th July 2024. However, on 16th August 2024, the recipient informed the supplier that he is not willing to receive any more services under the contract. Both of them mutually agree that the services provided till date can be valued at ₹ 3,50,000. The invoice for this was issued on 20th August 2024 and the payment was made by the recipient on 25th August 2024.

Answer:

In the instant case, the cessation of supply of services occurs on 16th August 2024. The date by which the invoice should have been raised was also 16th August 2024. However, the invoice was issued on 20th August 2024 which is after the prescribed time period. Therefore, the time of supply will be the earlier of the date of completion of service (16th August 2024) and the date of payment (25th August 2024) which will be 16th August 2024.

Question 45:

Mr. Ram provides certain services to Mr. Nath which fall under reverse charge basis:

Date	Transaction
10.04.2024	The services are provided to Mr. Nath
12.04.2024	Mr. Ram issues an invoice to Mr. Nath
10.07.2024	The payment is made by Mr. Nath through a cheque and recorded in his books of accounts
15.07.2024	The payment gets debited from Mr. Nath's bank account

What will be the time of supply?

Answer:

The time of supply shall be earlier of the following dates:

- The date of payment: 10.07.2024
- The date on which payment is debited from bank account: 15.07.2024
- The date immediately following 60 days from the date of issue of invoice (12.04.2024 + 60 days + 1 day): 12.06.2024

Therefore, the time of supply shall be 12.06.2024.

Question 46:

Mr. Rajendra provides certain services to Mr. Nath which fall under reverse charge basis.

Date	Transaction
10.10.2024	The services are provided to Mr. Nath
12.10.2024	Mr. Rajendra issues an invoice to Mr. Nath
10.03.2025	The payment is made by Mr. Nath through a cheque and recorded in his books of accounts
15.03.2025	The payment gets debited from Mr. Nath's bank account

What will be the time of supply?

Answer :

The time of supply shall be earlier of the following dates:

- The date of payment: 10.03.2025
- The date on which payment is debited from bank account: 15.03.2025
- The date immediately following 60 days from the date of issue of invoice (12.10.2024 + 60 days + 1 day): 12.12.2024

Therefore, the time of supply shall be 12.12.2024.

Question 47:

T-Series, Music Company & a registered dealer in India, paid an advance of ₹ 5,00,000 to Mr. Vikash, a music composer, for the copyright covered u/s 13(1)(a) of the Copyright Act, 1957, of his original musical work on 5-9-2024 (through RTGS). It made the balance payment of ₹ 2,50,000 on 12-12-2024 (through RTGS). You are required to determine the time of supply, if Mr. Vikash raised the invoice on:

(i) 6-10-2024; or

(ii) 17-12-2024

Answer:

Supply of services by a music composer by way of transfer or permitting the use or enjoyment of a copyright covered u/s 13(1)(a) of the Copyright Act, 1957 relating to musical works to a music company is liable for tax under reverse charge i.e. T-Series is required to pay.

The time of supply of service, on which GST is payable under reverse charge, is earlier of the following:

a. Date of payment as entered in the books of account of the recipient or date on which payment is debited from the bank account, whichever is earlier

Or

b. 61st day from the date of issue of invoice by the supplier.

The time of supply shall be earlier of the following dates:

Particulars	Case (i)	Case (ii)
First Payment of ₹ 5,00,000		
The date of payment	05-09-24	05-09-24
The date on which payment is debited from bank account	05-09-24	05-09-24
The date immediately following 60 days from the date of issue of invoice (06-10-2024 + 60 days + 1 day) (17-12-2024 + 60 days + 1 day)	06-12-24	16-02-25
Time of supply shall be	**05-09-24**	**05-09-24**
For Payment of ₹ 2,50,000		
The date of payment	12-12-24	12-12-24
The date on which payment is debited from bank account	12-12-24	12-12-24
The date immediately following 60 days from the date of issue of invoice (06-10-2024 + 60 days + 1 day) (17-12-2024 + 60 days + 1 day)	06-12-24	16-02-25
Time of supply shall be	**06-12-24**	**12-12-24**



CHAPTER 6 VALUE OF SUPPLY

Question 1:

Are post-supply discounts eligible for deduction from the value of supplies in all situations? Explain.

Answer:

Post-supply discounts are not eligible for deduction from the value of supplies in all situations. Such discounts are allowed as a deduction from the value of supply only in the situations where the following conditions are satisfied:

- The discount is in terms of an agreement that existed at the time of supply and can be worked out invoice-wise; and
- Proportionate input tax credit is reversed by the recipient {The buyer would have availed ITC of GST payable on the gross value specified in the invoice. Thus, when a credit note is issued to him by the supplier for the discount, the buyer will reverse the proportionate credit, consequent to which the supplier's output tax liability will be reduced by the same amount}

If any of the above conditions are not satisfied, post-supply discount is not allowed as a deduction from the value of supply and consequently, GST liability of the supplier does not get reduced.

Question 2:

'Consideration under GST law includes both monetary and non-monetary considerations.' Discuss the correctness or otherwise of the statement with reference to the definition of term 'consideration' provided under the CGST Act.

Answer:

The statement is correct. As per the definition of the term 'consideration' provided under the CGST Act, consideration under the GST law includes both payment in money or otherwise made by the recipient or any other person and also takes within its sweep the monetary value of any act or forbearance for the supply by the recipient or any other person. Further, it includes within its ambit any deposit which is applied as a consideration for the supply but excludes the subsidies provided by the State or Central Government.

The term money has also been defined under the CGST Act. It not only includes cash (Indian as well as foreign currency) but also cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller's cheque, money order, postal/electronic remittance or any such similar instrument recognized by RBI. Non-monetary consideration essentially means consideration in kind.

Question 3:

Sharp Minds Institute provides coaching for engineering entrance examinations. Fee charged by the Institute from a student is ₹ 10,000 per month. The Institute is known for its commitment to provide education to underprivileged children. It trains 10 students every year for entrance examinations free of cost.

The Institute has received ₹ $3,00,000$ as coaching fees during a month. Nav Jeevan, an NGO working in the area of education for underprivileged children, has given a subsidy of ₹10,000 (in lumpsum) during the month to the Institute as it is serving the cause of underprivileged children.

Determine the value of supply of education services made by Sharp Minds Institute during the month.

Answer:

As per Section $15(2)(e)$, the value of a supply includes subsidies directly linked to the price, excluding subsidies provided by the State Governments and the Central Government.

In the given case, though the subsidy is given by a non-Government body, the same is not includible in the value as it is given in lumpsum and not directly linked to the price of the supply being valued. Therefore, the value of supply made by sharp Minds during the month is ₹ $3,00,000$.

Question 4:

Furniture-Wala is a chain of retail showrooms selling both modern and classic furniture. In order to build strong customer association, the showroom provides free delivery of the furniture at the premises of the customers if the distance between the showroom and the customer's premises is upto 20 kms . Where the distance is more than 20 kms , the showroom charges a concessional freight of ₹ 10 for every additional km.

MS Leena Kapoor purchases a double bed, a dressing table and a centre table for ₹ 2,00,000 from Furniture-Wala. Ms Leena gets free delivery of the furniture as her residence is located at a distance of 18 kms from the showroom. The showroom incurs an expenditure of ₹ 1,000 for delivering the furniture at Ms Leena's residence.

Determine the value of taxable supply made by Furniture-Wala. Will your answer change if residence of Ms Leena is 50 kms away from the showroom?

Answer:

In the given case, the showroom is not charging any amount towards freight from Ms Leena but incurring the same out of its own pocket. Therefore, the same should not be added to the value. Thus, the value of supply will be ₹ $2,00,000$.

However, the answer will change in the second case when the showroom will charge ₹ 300 for freight [($50\text{kms} - 20\text{kms}$) x ₹10] from Ms Leena. In this case, the supply will be a composite supply (principle supply being supply of furniture) and value thereof will be ₹ $2,00,300$.

Question 5:

AKJ Foods Pvt Ltd gets an order for supply of processed food from a customer. The customer wants the consignment tested for gluten and specified chemical residues. AKJ Foods Pvt Ltd does the testing before the supply and charges a testing fee for the same from the customer. AKJ Foods Pvt Ltd argues that such testing fess should not form part of the consideration for the sale as it is a separate activity. Is the company's argument correct in the light of section 15?

Answer:

Section 15(2) mandates addition of certain elements in the value of supply. Section 15(2)(c) specifies that amount charged for anything done by the supplier in respect of the supply at the time of or before delivery of goods or supply of services shall be included in the value of supply.

Since AKJ Foods Pvt Ltd does the testing before the delivery of goods, the charges therefor will be included in the value of the consignment. Therefore, AKJ Foods Pvt Ltd's argument is not correct. The testing fee should be added to the price to arrive at value of the consignment.

Question 6:

A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidize the education of low-income group students who have gained admission there. The fee for these individuals is reduced thereby coming to ₹ 3 lakhs a year compared to ₹ 5 lakhs a year for other students. What would be the value of the service of coaching and instruction provided by the institution to the low-income group students?

Answer:

As per Section 15(2)(e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not received from Government but from a philanthropic association. Therefore, the subsidy is to be added back to the price to arrive at the value, which comes to ₹ 5 lakhs a year.

Question 7:

Mezda Banners, an advertising firm, gives its customers an interest-free credit period of 30 days for payment. Its customer paid for the supply 32 days after the supply of service. Mezda Banners waived the interest payable for delay of two days. The Department wants to add interest for two days to the value of supply. Should notional interest be added to the value?

Answer:

This is a supply that is valued as per transaction value u/s 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The value of a supply includes certain elements like interest which are actually payable. once waived, the interest is not payable and is therefore, not to be added to the value.

Question 8:

Crunch Bakery Products Ltd sells biscuits and cakes through its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offered additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which the goods were sold, and corresponding tax adjustments made?

Answer:

The discounts were not known or agreed for at the time of supply of goods to the dealers. Therefore, in terms of section 15(3), such discounts cannot be reduced from the price on which tax had been paid.

Question 9:

Red Pepper Ltd, Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-state supply made by it during the month of March:

S.No.	Particulars	Amount (Rs)
(i)	List price of taxable goods supplied inter-state (exclusive of taxes)	15,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	2,10,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	50,000
(iv)	Tax levied by Municipal Authority	20,000
(v)	Packing charges	15,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 6,000 in lump sum and no additional amount is payable by him)	6,000

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price. Calculate the total value of taxable supplies made by Red Pepper Ltd during the month of March. Rate of IGST is 18%.

Answer:

Computation of Total Value of Taxable Supplies Made By Red Pepper Ltd During The Month of March:

Particulars	Amount (Rs)
List price of the goods	15,00,000
Subsidy amounting to ₹ 2,10,000 received from the Central Government {Since the subsidy is received from the Government, the same is not includible in the value in terms of Section 15(2)(e)}	Nil
Subsidy received from NGO {Since the subsidy is received from a non-Government body and directly linked to the supply, the same. is includible in the value in terms of section 15(2)(e)}	50,000
Tax levied by the Municipal Authority	20,000

{**Includible in the value as per section 15(2)(a)}**	

Packing charges {Being incidental expenses, the same are includible in the value as per section 15(2)(c)]	**15,000**
Late fees paid by recipient of supply for delayed payment {Includible in the value as per section 15(2)(d) - As the amount of interest received is a lump sum amount, the same has to be taken as inclusive of GST} (₹ $6,000 \times 100/118$)	5,085
Total Value of Taxable Supplies	15,90,085

Question 10:

M/s Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard:

S.No.	Particulars	Amount (RS)
(i)	Price of the machine (excluding taxes and other charges mentioned at S.No. (ii) and (iii))	25,000
(ii)	Third party inspection charges (such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd to the inspection agency; these charges were not recorded in the invoice issued by M/s Flo Pro)	5,000
(iii)	Freight charges for delivery of the machine (M/s Flow Pro has agreed to deliver the goods at BP Ltd's premises)	2,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme (subsidy is directly linked to the price)	5,000
(v)	Discount of 2% is offered to BP Ltd on the price mentioned at S.No. (i) above & recorded in the invoice	

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

Answer:

Computation of Value of Taxable Supply Made By M/S Flo Pro To BP Ltd:

Particulars	Amount (Rs)
Price of the machine {since the subsidy is received from the State Government, the same is not includible in the value of supply in terms of section 15(2)(e)}	25,000
Third party inspection charges {Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)}	5,000
Freight charges for delivery of the machine value {since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply}	2,000
Total **Less: Discount @ 2% on ₹ 25,000 being price charged to BP Ltd {Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply as per section 15(3)}**	32,000 (500)
Value of Taxable Supply	31,500

Question 11:

Shri Krishna Pvt Ltd, a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt Ltd:

S.No.	Particulars	Amount (Rs)
(i)	Price of the goods (excluding taxes and other charges mentioned at S.No. (iii), (v) and (vi))	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust (Subsidy is directly linked to the goods supplied)	50,000
(v)	Late fees for delayed payment inclusive of GST (Shri Balram Pvt Ltd paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt Ltd and the amount was refunded to Shri Balram Pvt Ltd during the same month)	1,000
(vi)	Weighment charges (Such charges were paid by Shri Balram Pvt Ltd to Radhe Pvt Ltd on behalf of Shri Krishna Pvt Ltd)	2,000

Inspection charges {Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per Section 15(2)(c)}	**15,000**
Subsidy received from Shri Ram Trust {Since the subsidy is received from a non-government body and directly linked to the supply, the same is includible in the value in terms of Section 15(2)(e)}	50,000
Late fees for delayed payment {Not includible since the same is waived off}	NIL
l¿eighment charges paid to Radhe Pvt Ltd on behalf of Shri Krishna Pvt Ltd {Any amount that the supplier is liable to pay in relation to supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply as per Section 15(2)}	2,000
Value Of Taxable Supply	1,69,000

Question 12:

Koli Ltd, a registered supplier, has supplied machinery to Ghisa Ltd (a supplier registered in the same State), It provides Following particulars regarding the same:

S.No.	Particulars	Amount (Rs)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ghisa Ltd (Amount has been paid by Ghisa Ltd directly to the supplier. However, it was Koli Ltd's liability to pay the said amount. The said amount has not been recorded in the invoice issued by Koli Ltd)	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S.No. (i) above (recorded in the invoice)	
(v)	Koli Ltd provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Answer:

Computation Of Value Of Taxable Supply Made By Koli Ltd To Ghisa Ltd:

Particulars	Amount (Rs)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Ghisa Ltd directly to the supplier for the part fitted in the machinery {Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply in terms of Section 15(2)(b)}	20,000
Installation and testing charges {Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply in terms of Section 15(2)(c)}	25,000
Less: Discount @ 2% on the price of machinery (₹ 5,50,000 × 2%) {Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of Section 15(3)}	(11,000)
Less: Additional 1% discount at year end {Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of Section 15(3) as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year}	Nil
Value Of Taxable Supply	5,84,000

Question 13:

Scenario: Mr. Rama Swami, a manufacturer, provides the following particulars to compute the value of a machine to be delivered to a recipient's factory.

Particulars	Amount (Rs.)
Price of the machine	2,00,000
Packing charges	20,000
Designing charges	40,000
Transit insurance	2,000
Freight outward	16,000
Cash discount to customer	2%

Answer:

Assume the buyer has paid cash and availed the cash discount.

- **Price of the machine:** 2,00,000
- *Add:* Packing charges: 20,000
- *Add:* Designing charges: 40,000
- *Add:* Transit insurance: 2,000
- *Add:* Freight outward: 16,000
- *Less:* [Cash discount to customer 2,00,000 * 2%]: (4,000)
- **Total value: 2,74,000**

Question 14:

Scenario: ABC Institute provides coaching for engineering entrance exams. The monthly fee is Rs. 30,000 per student. The institute also trains 10 underprivileged children for free every year.

- The Institute received Rs. 6,00,000 as coaching fees during a month.
- An NGO gave a lumpsum subsidy of Rs. 20,000 during the month because the institute serves underprivileged children.

Question: Determine the value of supply of education services made by ABC Institute during the month.

Answer:

As per **section 15(2)(e)**, the value of a supply includes subsidies directly linked to the price, excluding subsidies provided by the State or Central Governments.

In this case, although the subsidy is from a non-Government body, it is **not includible** because it is given in a **lumpsum** and is not directly linked to the price of the specific supply being valued. Therefore, the value of supply is **Rs. 6,00,000**.

Question 15:

Scenario: Tasty Bakery Products Ltd sells biscuits and cakes through dealers. They charge the list price minus a standard discount. When goods remain unsold, the company offers **additional discounts** as an incentive to push sales, but there was **no prior agreement** for these additional discounts.

Question: Can this additional discount be reduced from the price at which the goods were sold and tax adjustments be made?

Answer:

The discounts were not known or agreed upon at the time of supply. Therefore, in terms of **section 15(3)**, such discounts **cannot be reduced** from the price on which tax had been paid.

Question 16:

RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.:

Particulars	Amount in (₹)
List price of the goods (exclusive of taxes and discounts)	10,00,000
Tax levied by Municipal Authority in the sale of such goods	1,00,000
CGST and SGST chargeable on the goods	2,00,880
Packing charges (not included in price above)	20,000

RG Pvt. Ltd. received ₹ 40,000 as a subsidy from a NGO on sale of such goods. The price of ₹ 10,00,000 of the goods is after considering such subsidy. RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of the taxable supply made by RG Pvt. Ltd.

Answer:

Computation of value of taxable supply:

Particulars	₹	₹
List price of the goods (exclusive of taxes and discounts)		10,00,000
i. Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	1,00,000	
ii. CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]	-	
iii. Packing charges [Includible in the value as per section 15(2)(c)]	20,000	
iv. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	40,000	1,60,000
Total		**11,60,000**
Less: Discount @ 2% on ₹ 10,00,000		20,000
Value of taxable supply		**11,40,000**

Question 17: (Not For CA Inter)

State Government authorize a lottery whose particulars are as under:

a. Face value per ticket: ₹ 1000,

b. The price as notified by official gazette: ₹ 600.

Compute value of supply

Further, how shall your answer differ if the price mentioned in (b) is ₹ 1,050 instead of ₹ 600.

Answer:

Higher of the following shall be considered as value of supply:

Particulars	When notified price is ₹ 600	When notified price is ₹ 1,050
100/128 of face value of ticket i.e., ₹ 1,000 x 100 / 128	781.25	781.25
100/128 of notified price i.e.,		
- ₹ 600 x 100 / 128	468.75	
- ₹ 1,050 x 100 / 128		820.31
Value of supply (being higher of the above)	**781.25**	**820.31**

Value of supply of actionable claim in the form of chance to win in betting, gambling or horse racing in a race club [Rule 31A(3)]

The value of supply of actionable claim in the form of chance to win in betting, gambling or horse racing in a race club shall be 100% of the face value of the bet or the amount paid into the totalisator.

Value of supply in case of online gaming including online money gaming [Rule 31B] [Notification No. 51/2023 dated 29-09-2023 w.e.f. 01-10-2023]

The value of supply of online gaming, including supply of actionable claims involved in online money gaming, shall be the total amount paid or payable to or deposited with the supplier by way of money or money's worth, including virtual digital assets, by or on behalf of the player. However, any amount returned or refunded by the supplier to the player for any reasons whatsoever, including player not using the amount paid or deposited with the supplier for participating in any event, shall not be deductible from the value of supply of online money gaming.

Value of supply of actionable claims in case of casino [Rule 31C] [Notification No. 51/2023 dated 29-09-2023 w.e.f. 01-10-2023]

The value of supply of actionable claims in casino shall be the total amount paid or payable by or on behalf of the player for —

i. purchase of the tokens, chips, coins or tickets, by whatever name called, for use in casino; or

ii. participating in any event, including game, scheme, competition or any other activity or process, in the casino, in cases where the token, chips, coins or tickets, by whatever name called, are not required.

However, any amount returned or refunded by the casino to the player on return of token, coins, chips, or tickets, as the case may be, or otherwise, shall not be deductible from the value of the supply of actionable claims in casino.

Question 18: (Not For CA Inter)

1. USD 100 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 6,500/- Taxable value of supply = ₹ 250 being higher of ₹ 250 and 1% of ₹ 6,500/-
2. USD 1000 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 65,000/- Taxable value of supply = ₹ 650 i.e., [₹ 65,000 x 1%]
3. USD 3000 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 1,95,000/- Taxable value of supply = ₹ 1,000 + [(1,95,000 - 1,00,000) x 0.5%] = ₹ 1,475/-
4. USD 20000 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 13,00,000/- Taxable value of supply = ₹ 5,500 + [(13,0,000 - 10,00,000) x 0.1%] = ₹ 5,800/-

Taxpoint: A person supplying the services may exercise the option to ascertain the value in terms of this clause for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

Question 19: (Not For CA Inter)

Mr. Ram is a travel agent. The following particulars are furnished by him.

Particulars	Basic Fare	Other charges and fee	Taxes	Total Ticket Value
Domestic bookings	₹ 1,00,000	₹ 5,000	₹ 4,000	₹ 1,09,000
International bookings	₹ 3,00,000	₹ 20,000	₹ 15,000	₹ 3,35,000

Answer:

Computation of taxable value:

Particulars	Basic Fare	Prescribed %	Value of supply
For Domestic Booking	1,00,000	5%	5,000
For International Booking	3,00,000	10%	30,000
Total			**35,000**

Question 20: (Not For CA Inter)

M/s Hariharan is dealer of old car and engaged in the purchase and sale of old cars in Bihar, furnishes the details of following transactions for the month of August 2024.

1. Purchased old car for ₹ 80,000/- and sold for ₹ 1,20,000/- in Bihar
2. Purchased old car for ₹ 75,000/- and sold for ₹ 65,000/- in Bihar
3. Purchased old car for ₹ 90,000/- but unable to sell during the month of August' 24
4. Purchased old car for ₹ 1,00,000/- and sold for ₹ 1,30,000/- in Orissa

Determine the value of taxable supply

Answer:

Computation of taxable value of supply:

Sl. No.	Particulars (Purchase / Sale)	Profit
1.	80,000 / 1,20,000	40,000
2.	75,000 / 65,000	Note (i)
3.	90,000 / -	Note (ii)
4.	1,00,000 / 1,30,000	30,000
	Taxable value of supply	**70,000**

Notes:

(i) As per Rule 32(5), no GST is payable in negative margin

(ii) No GST is payable on unsold goods

(iii) In case of sale of car in Orissa, IGST is applicable.

Question 21:

Following are the particulars, relating to one of the machine sold by S Ltd. to A Ltd. in the month of February 2025 at list price of ₹ 8,50,000. (exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd:

Sl. No.	Particulars	₹
(i)	Municipal taxes chargeable on the machine	55,000
(ii)	Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract)	75,000

Additional information:

a. S Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. A Ltd. paid for the supply after 45 days, but S Ltd. waived the interest payable.

b. S Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 8,50,000.

c. A Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.

d. S Ltd. collected ₹ 8,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

Compute the value of taxable supply as per the provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Answer:

Computation of taxable value of supply:

Particulars	₹
List Price (exclusive of tax and discount)	8,50,000
Municipal taxes chargeable on the machine [Only GST is required to be excluded]	55,000
Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract)	75,000
Interest on delayed payment [as the same is waived by S Ltd.]	-
Receipt of subsidy from NGO [as it is not directly linked with the machine]	-
Discount [as it is post supply discount]	-
TCS [as it is an interim levy not having the characteristics of tax]	-
Taxable value of supply	**9,80,000**

Question 22:

Ms. Sonam, a registered supplier in Mumbai has provided the following details in respect of her supplies made Intra-State for the month of March 2025:

Particulars	₹
List price of goods supplied intra-state (without considering following items)	3,30,000
Packing expenses charged separately in the invoice	10,800
Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	

Compute the value of taxable supply.

Answer:

Computation of value of taxable supply:

Particulars	₹
List price of goods supplied intra-state	3,30,000
Packing expenses charged separately in the invoice	10,800
Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	(3,300)
Value of taxable supply	**3,37,500**

Question 23:

Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2024.

Particulars	₹
List price of goods supplied inter-state	12,40,000
Items already adjusted in the list price	
Subsidy from Central Government for supply of biscuits to Government School	1,50,000
Subsidy from Trade Association for supply of quality biscuits	50,000
Items not adjusted in the list price	
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2024.

Answer:

Computation of value of taxable supply:

Particulars	₹
List price of goods supplied inter-state	12,40,000
Subsidy from Central Government for supply of biscuits to Government School	-
Subsidy from Trade Association for supply of quality biscuits	50,000
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000
Value of taxable supply	**13,40,000**



CHAPTER 7 EXEMPTIONS UNDER GST

Question 1:

Exempt supply includes supply of any goods or services or both which attracts nil rate of tax and which may be wholly exempt from tax, but excludes non-taxable supply. Discuss the validity of the statement.

Answer:

The statement is not fully valid in law. Exempt supply has been defined as supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply.

Question 2:

(Health Care Sector) Compute the value of taxable supply in the hands of Fortis hospital and the GST payable thereon. GST, if any, would be charged extra.

Particulars	Amount (Rs)
Receipts of diagnostic center	50 lakhs
Ambulance services to transport ill patients from hospital to home	1 lakh
Ambulance services to transport ill patients from home to hospital	2 lakhs
Lip enhancement surgery carried out for Anushka Sharma	80 lakhs
Hair removal surgery carried out for Anil Kapoor	20 lakhs
Cosmetic surgery on account of injury suffered during accidents	10 lakhs
Life-saying operation carried out in ICV (the amount includes ₹ 5 lakhs worth of consumables used during the operation)	20 lakhs

Answer:

Computation of GST Liability of Fortis Hospital:

Particulars	Amount (Rs)
Receipts of diagnostic center	Exempt
Ambulance services to transport ill patients from hospital to home	Exempt
Ambulance services to transport ill patients from home to hospital	Exempt
Lip enhancement surgery carried out for Anushka Sharma	80 lakhs
Hair removal surgery carried out for Anil Kapoor	20 lakhs
Cosmetic surgery on account of injury suffered during accidents	Exempt
Life-saving operation carried out in ICU (the amount includes ₹ 5 lakhs worth of consumables used during the operation)	Exempt
Value of Taxable Services	100 lakhs
GST Liability @ 18%	18 lakhs

Question 3:

(Health Care Sector) Good Health Medical Centre, a clinical establishment, offers following services:

(i) Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of Section 2(h) of Clinical Establishments Act, 2010.

(ii) Plastic surgeries. One such surgery was conducted to repair cleft lip of a new born baby.

(iii) Air ambulance services to transport critically ill patients from distant locations to the Medical Centre.

(iv) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease)

(v) Alternative medical treatments by way of yoga.

Good Health Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells.

Good Health Medical Centre is of the view that since it is a clinical establishment, all the services provided by it as well as all the services provided to it are exempt from payment of GST.

You are required to examine the situation in the light of relevant statutory provisions.

Answer:

Health care services provided by a clinical establishment in any recognized system of medicines in India are exempt from payment of GST. Eligibility for exemption in respect of each service offered by Good Health Medical Centre is examined below:

(i) Taxable. Since reiki healing is not a recognized system of medicine in terms of section $2(h)$ of clinical Establishments Act, 2010, it would not be exempt.

(ii) Health care service does not include cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. Therefore, plastic surgeries will not be entitled to the said exemption and thus, GST would be payable thereon. However, plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).

(iii) Exempt. Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance services to transport critically ill patients to Good Health Medical Centre would be eligible for exemption.

(iv) Exempt. Health care service means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India. It is immaterial whether such service is provided at the clinical establishment or at the home of the patient or at any other place.

(v) Exempt. Since yoga is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption.

Further, no exemption is available in respect of services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Good Health Medical Centre will be taxable.

It is important to note that exemption is available for health care services provided BY a clinical establishment and not for services provided TO a clinical establishment. Therefore, Good Health Medical Centre's contention that since it is a clinical establishment, all the services provided to it are also exempt from GST is not correct in law.

Question 4:

(Health Care Sector) Well-Being Hospital has received the following amounts in lieu of various services rendered by it. You are required to determine its GST liability from the details furnished below assuming the rate of GST to be 18% (amounts given below are exclusive of GST):

S.No.	Particulars	₹ (in lakhs)
(i)	Services provided by cord blood bank unit by way of preservation of stem cells	24
(ii)	Hair transplant services	100
(iii)	Mortuary services	10
(iv)	Plastic surgery to restore anatomy of a child affected due to an accident	30
(v)	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	120
(vi)	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	80

Well-Being Hospital does not have its own ambulances so it avails ambulance services from Life Savers, ambulance service provider, to transport critically ill patients from various locations to the Hospital. Examine whether Life Savers would be charging any GST from Well Being Hospital on the services provided by them.

Answer:

Computation of GST Liability of Well-Being Hospital:

Particulars	₹(in lakhs)
services provided by cord blood bank by way of preservation of stem cells (services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are taxable)	24
Hair transplant services (Hair transplant services are specifically excluded from the meaning of health care services, and thus not eligible for exemption)	100
Mortuary services (Mortuary services are covered under Schedule III of CGST Act. Such services are neither treated as supply of goods nor as supply of services. Hence, the same are not liable to GST)	-
Plastic surgery to restore anatomy of a child affected due to an accident (Health care service does not include cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. Thus, - plastic surgery performed to restore anatomy of a child affected due to an accident is exempt)	-
Pranic healing treatments (Pranic healing treatment is not a recognized system of medicine, and thus not eligible for exemption)	120
Naturopathy treatments (Naturopathy is a recognized system of medicine, and thus eligible for exemption)	-

Value of Taxable Services	244
GST Liability	43.92

Services by way of transportation of the patient in an ambulance are exempt irrespective of the status of the service provider. Therefore, ambulance services provided by Life Savers are exempt from GST.

Question 5:

RXL Pvt Ltd manufactures a beauty soap with the brand name 'Forever Young'. RXL Pvt Ltd has organized a concert to promote its brand. Ms Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth ₹1,20,000 will be donated to a charitable organization. Examine whether MS Ahana Kapoor will be required to pay any GST?

Answer:

- Services by an artist by way of a performance in folk or classical art forms of music, dance or theatre are exempt from GST, if the consideration charged for such performance is not more than ₹1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.
- Since MS Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt Ltd, the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt Ltd to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST.
- The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

Question 1:

(Amusement/Entertainment Sector) Kesar Maharaj, a renowned classical dancer, gave a classical dance performance in an auditorium. Consideration charged for the said performance is ₹1,48,000. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance if such performance is not for promotion of any product/services? If yes, determine his GST liability. Will your answer be different if:

(i) Consideration charged by Kesar Maharaj for the said performance is ₹1,60,000?

(ii) Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?

(iii) Kesar Maharaj gives a contemporary Bollywood style dance performance?

Note: Wherever applicable, GST has been charged separately.

Answer:

Services by an artist by way of performance in folk or classical art forms of music, dance, or theatre are exempt if the consideration charged for such performance is not more than ₹ 1,50,000 per event. However, exemption will not apply to services provided by such artist as a brand ambassador.

In view of the aforesaid provisions, services provided by Kesar Maharaj are exempt from GST as consideration for the classical dance performance has not exceeded ₹1,50,000. Therefore, his GST liability is nil.

(i) If the consideration charged for the said performance by Kesar Maharaj is ₹1,60,000, he will be liable to pay GST on the same as although the performance is by way of classical art form of dance, consideration charged for such performance has exceeded ₹1,50,000. His GST liability would, therefore, be ₹ 28,800 (₹1,60,000 $\times$ 18%).

(ii) If Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product, he will be liable to pay GST as aforesaid exemption is not applicable to services provided by an artist as a brand ambassador. His GST liability would, therefore, be ₹ $26{,}640(1{,}48{,}000 \times 18\%)$.

(iii) If Kesar Maharaj gives a contemporary Bollywood style dance performance, such performance will not be eligible for aforesaid exemption. The reason for the same is that although the consideration charged does not exceed ₹1,50,000, said performance is not in folk or classical art forms of dance. Hence, GST would be payable on the same. His GST liability would, therefore, be ₹$26{,}640(1{,}48{,}000 \times 18\%)$.

Question 7:

(Transportation Of Passengers) Mr A boarded Rajdhani Express (fully AC train) from Kanpur on July 5, 2022 and disembarked at New Delhi. He hired a car from a local cab operator for the whole day on a lumpsum consideration and visited Delhi's historical monuments. In the night, he took the Metro to International Airport and boarded a flight to Mumbai. At Mumbai Airport, he used a radio taxi for going to his hotel. Mr A returned to Kanpur from a different train, Pushpak Express in sleeper class. With reference to the provisions of GST law, examine the leviability of GST on the various modes of travel undertaken by Mr A.

Answer:

(i) Rail travel in AC train: Not covered in exemption list and thus, liable to GST.

(ii) Travel in a car rented for the whole day on a lumpsum consideration: Since travel by only metered cabs is covered in exemption list, travel in a car rented for the whole day on a lumpsum consideration will be liable to GST.

(iii) Metro travel: Covered in exemption list and hence, not taxable.

(iv) Air travel: Not covered in exemption list and thus, liable to GST.

(v) Radio taxi travel: Not covered in exemption list and thus, liable to GST.

(vi) Rail travel in sleeper class: Covered in exemption list and hence, not taxable.

Question 8

(Transportation of Passengers) 'Tours and Travel Agency' furnishes the following information relating to services provided. State whether the followings services are liable to GST or not.

· Public transport used to travel within a state through waterway (inland waterway)

· Transportation of public in a AC stage carriage

· Travelling by auto rickshaw

· Public transportation of passenger through metro, monorail or tramway

· Service of transportation in a vessel used for tourism purpose only

Answer:

Determination of Taxability of Various Modes of Transportation:

S.No.	Particulars	Taxability
(i)	Public transport used to travel within a state through waterway (inland waterway) {Transportation of passengers through inland waterways is covered under exemption list}	Exempt
(ii)	Transportation of public in a AC stage carriage {Not covered under exemption list}	Taxable
(iii)	Travelling by auto rickshaw {Covered under exemption list}	Exempt
(iv)	Public transportation of passenger through metro, monorail or tramway {Covered under exemption list}	Exempt
(v)	Service of transportation in a vessel used for tourism purpose only {Not covered under exemption list since predominant purpose is tourism}	Taxable

Question 9

(Transportation Of Passengers) High Alps Cable Car Co runs a cable car to transport pilgrims uphill to a mountain top where a holy shrine is situated. Examine whether High Alps Cable Car Co is required to pay any GST.

Answer:

Transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway is taxable. Therefore, transportation of pilgrims by cable car to the holy shrine situated at the mountain top will be taxable.

However, if High Alps Cable Car Co has been registered as a charitable trust U/s 12AA of the Income Tax Act, 1961 and transportation of passengers by cable car to the holy shrine has been provided by High Alps Cable Car Co as part of its objective of advancement of religion, exemption can be availed.

Question 10

(Transportation of Goods) 'Big Goods Transportation Agency' provided the following services during the month ended September 30, 2022. State whether the followings services are liable to GST or not.

· Transportation of goods by a courier agency

· Goods transportation (consignment note issued)

· Transportation of goods through national waterways (inland waterways)

· Goods transportation by air from Bangalore to Delhi

Answer:

Determination of Taxability of Various Modes of Transportation:

S.No.	Particulars	Taxability
(i)	Transportation of goods by a courier agency {Services of courier agency are not covered under exemption list and thus taxable}	Taxable
(ii)	Goods transportation (consignment note issued) {Services of goods transport agency are not covered under exemption list and thus taxable}	Taxable
(iii)	Transportation of goods through national waterways (inland waterways) {Transportation of goods through inland waterways is covered under exemption list}	Exempt
(iv)	Goods transportation by air from Bangalore to. Delhi {Transportation of goods through air is not covered under exemption list and thus taxable}	Taxable

Question 11

(Transportation of Goods) Babloo Transporters, a Goods Transport Agency, transported relief materials meant for victims of Kerala floods, a natural disaster, by road from Delhi to Ernakulam, for a company. Babloo Transporters is of the view that it is not liable to pay GST on the said services provided as said services are exempt. You are required to advice it on the said issue.

Answer:

Services provided by a goods transport agency, by way of transport in a goods carriage of relief materials meant for victims of, inter alia, natural or man-made disasters, calamities, are exempt from GST. Therefore, services provided by Babloo Transporters will be exempt from GST.

Question 12

(Financial/Banking Sector) 'ABC Bank Ltd' furnishes the following information relating to services provided. Compute the GST liability of 'ABC Bank Ltd' assuming that the amount of GST has been charged separately.

S.No.	Particulars	Amount (Rs)
(i)	Interest on overdraft	5,00,000
(iii)	Commission on sale of foreign currency to other banks	4,00,000
(iv)	Received processing charges related to money borrowed	50,000
(v)	Commission on sale of US Dollar ($) to general public	25,000

Answer:

Computation of Value of Taxable Services and GST Liability of ABC Bank Ltd:

S.No.	Particulars	Amount (Rs)
(i)	Interest on overdraft {Time value of money in the form of interest is exempt from GST}	Exempt
(iii)	Commission on sale of foreign currency to other banks {Sale of foreign currency by a bank to another bank is exempt from GST}	Exempt
(iv)	Received processing charges related to money borrowed {Not covered under exemption list}	50,000
(v)	Commission on sale of US Dollar ($) to general public {Sale of foreign currency by a bank to public is not covered under exemption list and thus taxable}	25,000
Value of Taxable Services		75,000
GST Liability		13,500

Question 13

(Financial/Banking Sector) ET Bank Ltd furnishes the following information relating to the services provided. Compute GST liability assuming that GST is not included in the amounts given below:

Particulars	Amount (₹in lakhs)
Sale and purchase of forward contract	25
Commission charged on debt collection services	18
Margin earned on reverse repo transactions	5
Administrative charges collected for extending home loans	12

Answer:

Computation of Value of Taxable Services and GST Liability of ET Bank Ltd:

S.No.	Particulars	Amount (Rs)
(i)	Sale and purchase of forward contract {Forward contracts are covered within the meaning of 'securities' and sale/purchase of securities is not liable to GST}	Exempt
(iii)	Commission charged on debt collection services {Fully taxable}	18 lakhs
(iv)	Margin earned on reverse repo transactions {Reverse repo is covered within the meaning of 'securities' and margin earned from sale/purchase of securities is not liable to GST}	Exempt
(v)	Administration charges for extending home loans {Administrative charges collected over & above interest would not be a part of exemption list and thus would represent taxable consideration}	12 lakhs
Value of Taxable Services		30 lakhs
GST Liability		5.4 lakhs

Question 14

(Financial/Banking Sector) Euro Bank Ltd furnishes the following information relating to services provided. Compute the value of taxable supplies and GST liability of Euro Bank Ltd. GST has been charged separately.

Particulars	Amount (₹ in lakhs)
Interest on overdraft	5,00,000
Interest on loans with a collateral security	6,00,000

Interest on corporate deposits	10,00,000
Administrative charges (over and above interest) on loans, advances and deposits	6,00,000
Value of foreign exchange services provided to general public	15,00,000
Service charges relating to issuance of Certificates of Deposit (CDs)	20,00,000

Answer:

Computation of Value of Taxable Services and GST Liability of Euro Bank Ltd:

Particulars	**Amount (₹in lakhs)**
Interest on overdraft {Covered under exemption list}	Nil
Interest on loans with a collateral security {Covered under exemption list}	Nil
Interest on corporate deposits {Covered under exemption list}	Nil
Administrative charges on loans, advances and deposits {Not covered under exemption list}	6,00,000
sale of foreign exchange to general public {Not covered under exemption list}	15,00,000
Service charges relating to issuance of Certificates of Deposits {Not covered under exemption list}	20,00,000
Value of Taxable Services	41,00,000
GST Liability	7,38,000

Question 15

(Sports Sector) Virat Kohli furnishes the following information of the various receipts. Compute the value of taxable services and GST thereon. GST, if any, would be charged extra.

Particulars	**Amount (₹in lakhs)**
Receipts from BCCI for playing cricket for India at international level	₹ 100 lakhs
Receipts from Royal Challengers Bangalore - a franchisee of Indian Premier League (not a recognized sports body)	₹ 200 lakhs
Receipts from Hindustan Unilever Ltd for acting as the brand ambassador of 'Fair & Handsome'	₹ 100 lakhs
Khel Ratna Award received from government of India	₹ 10 lakhs

Answer:

computation of GST Liability of Virat Kohli:

Particulars	**Amount (₹in lakhs)**
Receipts from BCCI for playing cricket for India at international level	Exempt
Receipts from Royal Challengers Bangalore (not a recognized sports body)	200 lakhs
Receipts from HUL for acting as the brand ambassador of 'Fair & Handsome'	100 lakhs
Khel Ratna Award received from Indian Govt (Activity does not qualify as supply)	Not a supply
Value of Taxable Services	300 lakhs
GST Liability	54 lakhs

Question 16

(Sports Sector) An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether any GST is payable on the activities undertaken by him?

Answer:

- Services provided to a recognized sports body by an individual, inter alia, as a referee in a sporting event organized by a recognized sports body is exempt from GST.
- Since in the first case, the football match is organized by sports Authority of India, which is a recognized sports body, services provided by the individual as a referee in such football match will be exempt.
- However, when he acts as a referee in a charity football match organized by a local sports club, he would not be entitled to afore-mentioned exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case.

Question 17

(Sports Sector) Poorva acts as a Team Manager for Indian Sports Authority (ISA), a recognised sports body, for a tennis tournament organised by a multinational company and received a remuneration of ₹ 2,00,000. Determine whether GST is payable on the remuneration received by Poorva.

Answer:

Services provided by a team manager to a recognised sports body for participation in a sporting event are exempt from GST provided said sporting event is organised by a recognized sports body. In the given case, the services are being provided by a team manager to a recognised sports body, but the sporting event is not organised by a recognised sports body. Therefore, the services provided by Poorva are not exempt from GST.

Question 18

(Food/Agricultural Sector) Compute the GST liability of ABC Agro Products from the following details furnished by them with respect to the activities undertaken by them:

S.No.	Particulars	Amount (Rs)
(i)	Supply of farm labour	2,50,000
(ii)	Warehousing of biscuits	2,00,000
(iii)	Sale of rice on commission basis	70,000
(iv)	Leasing of vacant land to a dairy farm	1,50,000
(v)	Leasing of vacant land to a stud farm	1,30,000
(vi)	Leasing of vacant land to a poultry farm	2,50,000
(vii)	Testing undertaken for soil of a farm land	83,500
(viii)	Training of farmers on use of new pesticides and fertilizers developed through scientific research	10,000

Answer:

Computation of GST Liability of ABC Agro Products:

S.No.	Particulars	Amount (Rs)
(i)	Supply of farm labour {Covered under exemption list}	-
(ii)	Warehousing of biscuits {Taxable since biscuit is not an agricultural produce}	2,00,000
(iii)	Sale of rice on commission basis {Taxable since rice is not an agricultural produce}	70,000
(iv)	Leasing of vacant land to a dairy farm {Not taxable since rearing of animals is included in the scope of exemption list}	-
- (v).	Leasing of vacant land to a stud farm {Taxable since rearing of horses has been excluded from the scope of exemption list}	1,30,000
(vi)	Leasing of vacant land to a poultry farm {Not taxable since rearing of animals is included in the scope of exemption list}	-
(vii)	Testing undertaken for soil of a farm land {Covered under exemption list}	-
(viii)	Training of farmers on use of new pesticides/fertilizers developed through scientific research {Not taxable since agricultural extension services have been included in the exemption list}	-
Value of Taxable Services		4,00,000
GST Liability		72,000

Note 1: It is assumed that the values given are exclusive of GST.

Question 19

(Food/Agricultural Sector) 'Rock Farmer Association' is engaged in providing services relating to agriculture. Compute its GST liability from the following details furnished by it with respect to the activities undertaken by it.

S.No.	Particulars	Amount (Rs)
(i)	Cultivation of ornamental flowers	42,000
(ii)	Packing of tomato ketchup	54,000
(iii)	Warehousing of potato chips	1,65,000
(iv)	Sale of tea leaves on commission basis	68,000
(v)	Packaging of pulses in retail packs	42,000

(vi)	Training of farmers on use of scientific tools and agro machinery	10,000
(vii)	Leasing of vacant land to a stud farm	1,63,000
(viii)	Grading of wheat according to its quality	42,000
(ix)	Testing of samples from plants for pest detection	1,21,500
(x)	Rearing of silk worms	83,500

Answer:

Computation of GST Liability of Rock Farmer Association:

S.No.	Particulars	Amount (Rs)
(i)	Cultivation of ornamental flowers {Floriculture activity is covered under exemption list}	-
(ii)	Packing of tomato ketchup {Taxable since tomato ketchup is not an agricultural produce}	54,000
(iii)	Warehousing of potato chips {Taxable since potato chips is not an agricultural produce}	1,65,000
(iv)	sale of tea leaves on commission basis {Not taxable since tea is an agricultural produce}	-
(v)	Packaging of pulses in retail packs {Packaging meant for retail markets is not covered under exemption list and thus taxable}	42,000
(vi)	Training of farmers on use of scientific tools and agro machinery {Not taxable since agricultural extension services have been included in the exemption list}	-
(vii)	Leasing of vacant land to a stud farm {Taxable since rearing of horses has been excluded from the scope of exemption list}	1,63,000
(viii)	Grading of wheat according to its quality {Not taxable since wheat is an agricultural produce}	-
(ix)	Testing of samples from plants for pest detection {Not taxable}	-
(x)	Rearing of silk worms {Sericulture activity is covered under exemption list}	-
Value of Taxable Services		4,24,000
GST Liability		76,320

Question 20

(Food/Agricultural Sector) Ram, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co for which he paid the consideration of ₹ 6,000. He seeks your advise on the taxability or otherwise of the service so availed by him.

Answer:

No exemption is available in respect of services by way of fumigation in a warehouse of agricultural produce. Thus, services provided by Gupta Pest Control Co by way of fumigation in the warehouse of sugarcane shall be taxable.

Question 21

(Public Convenience Services) Discuss whether the following services provided are chargeable to GST or not:

(a) A Ltd has constructed Delhi-Jaipur Highway under Public Private Partnership Agreement with Delhi Govt. After construction, A Ltd has been authorized to collect toll charges for providing access to newly developed 8 lane highway. A Ltd has given the job of toll collection on its behalf to B Ltd (commission being 10% of toll collection).

(b) Charges are collected by a developer for distribution of electricity within a residential complex.

Answer:

(a) A Ltd is not liable to pay GST because services by way of access to road/bridge on payment of toll charges are covered under exemption list and thus not taxable. Services of toll collection by B Ltd on behalf of A Ltd (ie, an agency authorized to levy toll) are taxable because no exemption is available in respect of such services.

(b) Services of transmission/distribution of electricity are covered under the exemption list only if such services are provided by an electricity transmission or distribution utility. A private developer is not covered within the scope of an electricity transmission or distribution utility and thus services provided by him would be taxable.

Question 22

(Education Sector) 'Study Hard Institute' provided the following services during the month of July 2022. Compute the value of taxable services and GST liability of 'Study Hard Institute' for the month of July 2022.

S.No.	Particulars	Amount (Rs)
(i)	Fees collected from Creche (a nursery school)	2,50,000
(ii)	Collection of fees from students of Higher Secondary (a school)	5,00,000

(iii)	Collection of fees for giving coaching for entrance exam of IIT	3,00,000
(iv)	Collection of fees from the students registered under unapproved vocational educational course	2,50,000

Answer:

computation of GST Liability of 'Study Hard Institute':

S.No.	Particulars	Amount (Rs)
(i)	Fees collected from Creche (a nursery school) {Pre-school education covered under exemption list and thus exempt}	Exempt
(ii)	Collection of fees from students of Higher Secondary (a school) {School education covered under exemption list and thus exempt}	Exempt
(iii)	Collection of fees for giving coaching for entrance exam of IIT {Private coaching not covered under exemption list and thus taxable}	3,00,000
(iv)	Collection of fees from the students registered under unapproved vocational educational course {Unapproved vocational educational course not covered under exemption list and thus taxable}	2,50,000
Value of Taxable Services		5,50,000
GST Liability		99,000

Question 23

(Education Sector) Sarvshiksha, an Educational Trust, runs a play school, 'Tiny Tots' and a higher secondary school, 'Pinnacle Academy'. It also runs a coaching centre which provides coaching for IIT-JEE entrance examinations to meritorious students of economically weak background. It also provides coaching classes for examinations of Certified Public Accountant, USA. Examine the leviability of GST in each case.

Answer:

Services provided by an educational institution to students are exempt from GST. Educational institution has been defined to mean an institution which, inter alia, provides the following education:

(i) pre-school education and education up to higher secondary school or equivalent;

(ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

Therefore, GST will not be leviable on services relating to education rendered by the play school (pre-school), 'Tiny Tots' and the higher secondary school, 'Pinnacle Academy' run by Sarvshiksha, the Educational Trust.

Since, coaching given by private coaching institutes/centers is not a part of a curriculum for obtaining recognized qualification, the same is not covered under the exemption list. Therefore, coaching classes for IIT-JEE entrance examinations and CPA examinations will not be covered under exemption list and thus, will be liable to GST. It is immaterial that coaching is given to economically weak students or for a national level entrance examination or an international examination.

Question 24

(Education Sector) Industrial Training Institute (ITI), Manikpuri offers a short term Modular Employable Skill Course in Information & Communication Technology Sector. The said course is approved by the National Council of Vocational Training (NCVT). ITI, Manikpuri is registered with the Directorate General of Employment and Training, Ministry of Labour and Employment. Revenue raised a demand for GST on the services provided by ITI Manikpuri. Examine whether the demand raised by Revenue is correct in law.

Answer:

Services provided by an educational institution by way of education as a part of an approved vocational education course are covered under exemption list. A Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Employment and Training, Union Ministry of Labour and Employment is an approved vocational education course.

Since, the course offered by ITI Manikpuri falls under the definition of approved vocational education course, the same will be covered under exemption list and thus, ITI Manikpuri will not be liable to pay GST. Therefore, the demand raised by Revenue is not correct in law.

Question 25

(Education Sector) Indiana Engineering College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants. Determine whether Indiana Engineering College is liable to pay GST on the same.

Answer:

Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee are exempt from GST. Since in the given case, services provided by Indiana Engineering College, an educational institution, are by way of conduct of entrance examination against entrance fee, the same is exempt and thus, GST is not payable in this case.

Question 26:

(Legal Services) XY Legal is a firm of advocates (partners are x and y, having equal profit sharing ratio). Following are the details of services provided by XY Legal during FY 2022-23:

· Legal services of ₹ $8{,}00{,}000$ provided to Mr A, an advocate of Bombay High Court (Gross receipts of Mr A are always more than ₹ $70{,}00{,}000$ per annum);

· Legal services of ₹32,00,000 provided to PQRí Legal (a firm of 10 advocates);

· Legal services of ₹ 6,00,000 provided to Mr C (a salaried employee). The services are provided to Mr C in a personal legal matter not connected with the employer;

· Legal services of ₹ 11,00,000 provided to D Ltd (Turnover of D Ltd during FY 2021-22 was ₹ 8,00,000); and

· Legal services of ₹ 5,00,000 provided to E Ltd (Turnover of E Ltd during FY 2021-22 was ₹70,00,000).

Above figures are exclusive of GST. Find out:

(a) GST payable by the service provider (ie, XY Legal); and

(b) GST payable by the service recipients (ie Mr A, PQR Legal, Mr C, D Ltd and E Ltd).

Answer:

computation of GST Liability:

Particulars	**SP'S** Liability	**SR'S** Liability
Legal services to Mr A (an advocate) (Covered under exemption list, thus no GST)	Nil	Nil
Legal services to PQR Legal (a firm of advocates) (Covered under exemption list, thus no GST)	Nil	Nil
Legal services to Mr C (non-business entity) (Covered under exemption list, thus no GST)	Nil	Nil
Legal services to D Ltd (Covered under exemption list because the turnover of D Ltd during the preceding financial year does not exceed ₹ 20,00,000)	Nil	Nil
Legal services to E Ltd (Not covered under exemption list because the turnover of E Ltd during the preceding financial year exceeds ₹ 20,00,000)	Nil	₹90,000 (₹SL × 18%)

Question 27

(Chartered Accountant Services) XY Associates LLP is a firm of Chartered Accountants (partners are X and Y, having equal proft sharing ratio). Following are the details of services provided by XY Associates LLP during FY 2022-23:

· Tax consultancy services of ₹ 7,00,000 provided to Mr A, a CA in practice (Gross receipts of Mr A are always more than ₹1,00,00,000 per annum);

· Tax consultancy services of ₹ 10,00,000 provided to Shah & Associates (a firm of 10 Chartered Accountants);

· Tax consultancy services of ₹3,00,000 provided to Mr C (a salaried employee). The services are provided to Mr C in a personal legal matter not connected with the employer;

· Audit services of ₹ 4,00,000 provided to D Ltd (Turnover of D Ltd during FY 2021-22 was ₹ 9,00,000); and

· Audit services of ₹45,000 provided to E Ltd (Turnover of E Ltd during FY 2021-22 was ₹600 crores).

Above figures are exclusive of GST. Find out:

(a) GST payable by the service provider (ie, XY Associates LLP); and

(b) GST payable by the service recipients (ie Mr A, Shah & Associates, Mr C, D Ltd and E Ltd).

Answer:

- This problem is similar to the earlier problem with the significant difference being that the service provider is a firm of Chartered Accountants and not a firm of advocates.
- Services of CAs are fully taxable under forward charge. Value of taxable services = ₹24,45,000.
- GST liability of XY Associates LLP shall come out to ₹ 4,40,100 (ie ₹ 24,45,000 × 18%). The service recipients are not liable to pay GST.

Question 28

(Legal Services) Vakil & Vakil, a firm of lawyers rendered legal advice to Mr B (a professional architect) and MNO Ltd (an advertising agency) during October 2022. Both Mr B and MNO Ltd got themselves registered under GST in FY 2020-21 as per the provisions of section 22 of CGST Act. Who is liable to pay GST in this case?

Will your answer be different if Mr B and MNO Ltd sought legal advice from Mr A, a lawyer?

Answers:

- Legal services provided by an individual advocate/a firm of advocates to any business entity located in taxable territory are taxable under reverse charge. However, legal services provided by an individual advocate/a firm of advocates to a business entity whose turnover during the preceding FY does not exceed ₹ 20 lakhs are exempt from GST.
- In the given case, Mr B and MNO Ltd have got themselves registered under GST in FY 2021-22 as per the provisions of section 22 of CGST Act. This implies that their turnover during FY 2021-22 is more than ₹ 20 lakhs.
- Therefore, legal services provided by Vakil and Vakil (a firm of advocates) to Mr B and MNO Ltd during October 2022 will not be exempt from GST since the turnover of Mr B & MNO Ltd during FY 2021-22 exceeds ₹ 20 lakhs. Further, Mr B & MNO Ltd will be liable to pay GST under reverse charge.
- The answer would remain same if Mr B and MNO Ltd sought legal advice from Mr A, a lawyer since the law remains the same irrespective of the fact whether legal advice is sought from a firm of lawyers or an individual lawyer.

Question 29:

(Renting of Immovable Property) Mr Dhingra rendered the following services by renting his properties located in Gujarat for various uses:

Particulars	Amount (Rs)

Land let out to Jumbo Circus	1,50,000
A building let out to Singhania classes for providing coaching to CA students	5,00,000
A vacant land used for horticulture	3,00,000
A building let out to EXIM Ltd for use as a corporate office	8,00,000

Answer:

Services by way of renting of residential dwelling for use is residence is covered under exemption list. The following services are taxable as no exemption is available in respect of such services:

· Letting out land to Jumbo Circus

· Letting out building for providing coaching to CA students

· Letting out building for use as corporate office

Computation of Value of Taxable Services and GST Liability of Mr Dhingra:

Particulars	Amount (Rs)
• **Land let out to Jumbo Circus**	1,50,000
• **Building let out to Singhania classes for providing coaching to CA students**	5,00,000
• **Vacant land used for horticulture (Horticulture is included in the definition of agriculture. Services**	Exempt
• **Building let out to EXIM Ltd for use as corporate office**	8,00,000
Value of Taxable Services	14,50,000
GST Liability	2,61,000

Question 30

Ekta Charitable Trust, registered u/s 10(23C) (v) of the Income Tax Act, 1961, manages a temple in Rohini, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is ₹ 9,500. You are required to determine whether the services provided by Ekta Charitable Trust are liable to GST.

Answer:

Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a trust or an institution u/s 10(23C) (v) of the Income Tax Act are exempt provided renting charges of premises, community halls, kalyanmandapam or open area are less than ₹ 10,000 per day. Thus, in the given case, renting of community hall by Ekta Charitable Trust is exempt from GST, as rent is less than ₹ 10,000 per day.

Question 31

A State Transport Undertaking has hired motor vehicles meant to carry 8-10 passengers from Fast Cab Renting, a motor vehicle renting company. Give your comments as to whether any GST is payable in this case.

Answer:

Services by way of giving on hire, inter alia, to a State Transport Undertaking, a motor vehicle meant to carry more than 12 passengers is exempt from GST. Since the motor vehicles given on hire by Fast Cab Renting to the State Transport Undertaking are meant to carry 8-10 passengers, the same would not be eligible for exemption and would thus, be liable to GST.

Question 32

ST Ltd has given on hire 5 trucks to Titu Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are ₹7,500 per truck per day. Examine whether GST is payable in the given case.

Answer:

GST is not payable in case of hiring of trucks to Titu Transporters. Services by way of giving on hire, inter alia, to a goods transport agency, a means of transportation of goods are exempt.

Question 33

Determine the applicability of GST in each of the following independent cases:

(a) Margin earned from trading in equity shares.

(b) Margin from trading in futures.

(c) Commission charged by a bank on sale of foreign exchange to an authorized foreign exchange dealer.

(d) Services provided to a Higher secondary School affiliated to CBSE Board by an IT company in relation to development of a software to be used for enhancing the quality of classroom teaching.

(e) Services provided by a bus operator by way of transportation of passengers in air-conditioned buses.

Answer:

(a) Margin earned from trading in equity shares: Equity shares are covered within the meaning of 'securities' and margin earned from sale and purchase of securities is not liable to GST.

(b) Margin for trading in futures: Futures are covered within the meaning of 'securities' and margin earned from sale and purchase of securities is not liable to GST.

(c) Commission charged by bank: Exemption list covers sale and purchase of foreign exchange between banks or authorized dealers of foreign exchange or between banks and such dealers. Consequently, it is not chargeable to tax.

(d) Services provided to a Higher Secondary School affiliated to CBSE Board by an IT company in relation to development of a software to be used for enhancing the quality of classroom teaching: Only the following specific services provided To a school have been exempted:

· transportation of students, faculty and staff;

· catering, including any mid-day meals scheme sponsored by the Government;

· security or cleaning or house-keeping services performed in such educational institution; or

· services relating to admission to, or conduct of examination by, such institution.

Services of development of software provided to a school are not covered under any of the specific services given above. Thus, the same will be liable to GST.

(e) Services provided by a bus operator by way of transportation of passengers in air-conditioned buses: services of transportation of passengers by air-conditioned buses (stage carriage as well as contract carriage) are taxable.

Question 34

Discuss whether the following services are chargeable to GST or not:

(a) A hockey player gets fees from Indian Hockey Federation for participating in an international event.

(b) Sonakshi Sinha, a brand ambassador of Colgate Palmolive Ltd, gets ₹ 15 lacs for advertising its products.

(c) Mr Amit, an organizer, provided services to Mr Kumar in respect of a business exhibition held in Patna.

(d) Mr Chandra Bhusan provided the services by conducting religious rites at the birth ceremony of a child.

(e) Services provided as a match referee directly to Sports Authority of India for ₹ 2,50,000.

(f) Security services provided to a Government recognized educational institution for ₹ 3,00,000.

(g) Performing music concert by a renowned Carnatic singer in consideration for ₹1,40,000.

(h) Collection of admission fee for music concert with fee of ₹1,000 per person.

Answer:

(a) Exemption list exempts services provided by a player to a recognized sports body by participating in a sporting event. Therefore, fees received by a hockey player from Indian Hockey Federation for participating in an international event shall be exempt from GST.

(b) Services provided by a person/artist as brand ambassador are not covered under the scope of exemption list. Therefore, amount of ₹15 lakhs received by Sonakshi Sinha from Colgate Palmolive Ltd for advertising its products as a brand ambassador shall be liable to GST.

(c) Services provided by an organizer to any person in respect of a business exhibition held outside India are exempt from GST. Since services provided by organizer (Mr Amit) to Mr Kumar are in respect of a business exhibition held in Patna (ie, in India), such services will be liable to GST.

(d) Services provided by a person by way of conduct of any religious ceremony are exempt from GST. Thus, services provided by Mr Chandra Bhusan by conducting religious rites at the birth ceremony of a child will be exempt.

(e) Services provided by an individual to a recognised sports body as a referee are exempt. Since, in the given case, sports Authority of India is a recognised sports body, services provided as a match referee to it are exempt.

(f) Services provided to an educational institution by way of security services performed therein are exempt. Since Government recognized educational institution is covered within the meaning of 'educational institution' as given under the exemption list, security services provided to it are exempt from GST.

(g) Performance of an artist in classical art forms of music are exempt if the consideration charged for such performance is not more than ₹1,50,000. Since the consideration charged for performing music concert by a renowned Carnatic singer is ₹ 1,40,000, such services are exempt from GST.

(h) Services by way of right to admission to a musical performance are exempt provided the consideration for such admission does not exceed ₹ 500 per person. Since, in the given case, the admission fee for music concert exceeds ₹ 500 per person, such services are fully taxable.

Question 35

Examine the taxability of the following amounts as per the relevant provisions of GST law:

S.No.	Particulars	Amount (Rs)
(i)	Admission to a Railway Museum	50,000
(ii)	Admission to a Telly Award Function (Value per ticket per person is ₹510)	5,10,000
(iii)	Transportation of milk by a goods transport agency	1,50,000
(iv)	Fees charged for yoga camp conducted by a charitable trust	5,00,000
(v)	Amount charged by cord blood banks by way of preservation of stem cells	50,000
(vi)	Amount charged by business correspondent from banking company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
(vii)	Service provided by commentators to a recognized sports body	5,20,000

(viii)	Services by way of waxing of apples to provide it an artificial sheen for increasing its marketability	1,00,000
(ix)	Transportation of patients to ABC Nursing Home and Bheem Multispecialty Hospital, in an ambulance owned by XYZ Ltd	1,20,000

Answer:

Determination of Taxability of Various Services:

S.No.	Particulars	Taxability
(i)	Admission to a Railway Museum {Admission to museums is covered under exemption list}	Exempt
(ii)	Admission to a Telly Award Function (Value per ticket per person is ₹510) {Admission to award functions is exempt only if the ticket price does not exceed ₹ 500 per person}	Fully Taxable
(iii)	Transportation of milk by a goods transport agency {Transport of milk by. GTA is covered under exemption list}	Exempt
(iv)	Fees charged for yoga camp conducted by a charitable trust {Services by an entity registered u/s 12AA of the Income Tax Act, 1961 by way of charitable activities are exempt from GST. Activities relating to advancement of yoga are included in the definition of charitable activities}	Exempt
(v)	Amount charged by cord blood banks by way of preservation of stem cells {Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are taxable as no exemption is available for such services}	Fully Taxable
(vi)	Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts {Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST}	Exempt
(vii)	Service provided by commentators to a recognized sports body {Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager are exempt from GST. However, services provided by commentators are taxable}	Fully Taxable
(viii)	Waxing of apples to provide it an artificial sheen for increasing its marketability {Waxing of fruits & vegetables is covered under exemption list}	Exempt
(ix)	Transportation of patients to ABC Nursing Home and Bheem Multispecialty Hospital, in an ambulance owned by XYZ Ltd {Ambulance services provided by an entity which is not a clinical establishment or an authorized medical practitioner are also exempt from GST}	Exempt

Question 36.

Examine which of the following independent services are exempt from GST:

(a) Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors.

(b) An RWA, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member.

Answer:

(a) Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/ nutritionists, is a part of composite supply of healthcare and not separately taxable.

(b) Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹7,500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹7,500.

Question 37

Examine whether GST is exempted on the following independent supplies of services:

(a) Service provided by a private transport operator to Scholar Boys Higher Secondary School in relation to transportation of students to and from the school.

(b) Services provided by way of vehicle parking to general public in a shopping mall.

Answer:

(a) Services provided TO an educational institution by way of transportation of students are exempt from GST.

(b) Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, GST is payable on the same.

Question 38:

Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Keyan Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Keyan Enterprises, in the given case.

Answer:

No, the claim made by Keyan Enterprises that it is not required to pay GST is not correct. Services provided by an organiser to any person in respect of a business exhibition are exempt from GST only when such business exhibition is held outside India. However, since in the given case, the exhibition is being organized in India, the services of organization of event by Keyan Enterprises will not be exempt from GST.

Question 39

JP Charitable Institution, an entity registered u/s 12AA of income Tax Act, 1961 and registered in GST, has furnished you the following details with respect to the activities undertaken by it during the month of January 2024. You are required to compute its GST liability from the information given below, assuming the rate of GST as 18%. Brief reasoning should be part of your answer.

S.No.	Tax Liability	Amount (₹)
(1)	Membership fees received from members	10,00,000
(2)	Amount received for advancement of educational programs relating to abandoned or orphaned or homeless children	4,00,000
(3)	Amount received for renting of commercial property owned by Trust	5,00,000
(4)	Amount received for counselling of terminally ill person	3,50,000
(5)	Fees charged for Yoga Camp conducted by Trust	2,00,000

Answer:

Charitable activities provided by an entity registered u/s 12AA of the Income Tax Act, 1961 are exempt from levy of GST. Out of all the activities listed in the question, the following activities are covered within the meaning of 'charitable activities' as given under the GST law:

· Public health by way of care or counselling of terminally ill persons

· Advancement of religion, spirituality or yoga

· Advancement of educational programmes or skill development relating to abandoned, orphaned or homeless children

· Preservation of environment including watershed, forests and wildlife

Computation of Value of Taxable Supply of J.P. Charitable Institution & Its GST Liability (January 2024):

S.No.	Particulars	Amount (₹)
(1)	Membership fees received from members (Not covered within the meaning of 'charitable activities')	10,00,000
(2)	Amount received for advancement of educational programs relating to abandoned or orphaned or homeless children (Covered within the meaning of 'charitable activities')	Exempt
(3)	Amount received for renting of commercial property owned by Trust (Not covered within the meaning of 'charitable activities')	5,00,000
(4)	Amount received for counselling of terminally ill person (Covered within the meaning of 'charitable activities')	Exempt
(5)	Fees charged for Yoga Camp conducted by Trust (Covered within the meaning of 'charitable activities')	Exempt
(6)	Amount received relating to preservation of Forest & Wildlife (Covered within the meaning of 'charitable activities')	Exempt
Value of Taxable Supply		15,00,000

CGST Liability - ₹ 1,35,000; SGST Liability - ₹ 1,35,000

Question 39

M/s Apna Bank Limited, a Scheduled Commercial Bank, has furnished the following details for the month of August 2023. Compute the value of taxable supply. Give reasons with suitable assumptions.

S.No.	Particulars	Amount Excluding GST
(i)	Extended housing loan to its customers	100 Crores
(ii)	Processing fees collected from its customers on sanction of loan	20 Crores

(iii)	Commission collected from its customers on bank guarantee	30 Crores
(iv)	Interest income on credit card issued by the bank	40 Crores
(v)	Interest received on housing loan extended by the bank	25 Crores
(vi)	Minimum balance charges collected from current account and saving account holder	1 Crore

Answer:

Computation of value of Taxable Supply:

S.No.	Particulars	Amount Excluding GST
(i)	Extended housing loan to its customers {Since money does not constitute goods, extending housing loan is not a supply}	Nil
(ii)	Processing fees collected from its customers on sanction of loan {Interest does not include processing fee on sanction of the loan; hence the same is taxable}	20 Crores
(iii)	Commission collected from its customers on bank guarantee {Any commission collected over and above interest on loan, advance or deposit is taxable}	30 Crores
(iv)	Interest income on credit card issued by the bank {Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is taxable}	40 Crores
(v)	Interest received on housing loan extended by the bank {Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax}	Nil
(vi)	Minimum balance charges collected from current account and saving account holder {Any charges collected over and above interest on loan, advance or deposit are taxable}	1 Crore
Value of Taxable Supply		91 Crores

Question 40

Anand Trust, Kolkata is registered u/s 12AA of the Income Tax Act, 1961. It has provided following particulars relating to the activities carried out by it for the month of March 2024:

S.No.	Particulars	Amount (₹)
(i)	Donation received against display of name of a city based school in annual religious book published by the Trust	5,00,000
(ii)	Receipts from sale of food in Anand food court, located in the Trust premises	2,00,000
(iii)	Refundable deposit of ₹ 2,00,000 and annual fees of ₹ 1,00,000 received from restaurants (located in West Bengal) using brand name and logo of Anand Food Court	3,00,000
(iv)	Donation received for Pooja organized in Trust premises on occasion of' Shivratri'	1,00,000
(v)	Receipts from Skill Development Program for Senior Citizens (aged more than 65 years) residing in Kolkata	4,00,000
(vi)	Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal	3,00,000
(vii)	Letting out of precincts of a religious place owned by the Trust in Kolkata (Rent ₹ 10,000 per day)	2,00,000

From the given information, you are required to calculate the value of taxable supply.

Answer:

Computation of Value of Taxable Supply:

Particulars	Amount (₹)
Donation received against publishing the name of a school in annual religious publication of the Trust {Being a non-charitable activity, the service provided by the Trust is not eligible for exemption from GST}	5,00,000
Receipts from sale of food in food court in the premises of the Trust {Being a non-charitable activity, the service provided by the Trust is not eligible for exemption from GST}	2,00,000
Annual fees received from restaurants for use.of brand name and logo of food court {Being a non-charitable activity, the service provided by the Trust is not eligible for exemption from GST. However, deposit being	1,00,000

refundable in nature cannot be construed as consideration}	
Donation received for pooja organized in Trust premises on occasion of 'Shivratri' {Services of conduct of a religious ceremony are exempt from GST}	Nil
Receipts from skill development program for senior citizens (aged more than 65 years) residing in Kolkata {Skill development program conducted by the Trust for persons over the age of 65 years is not a charitable activity since such persons are not residing in rural area, but in an urban area (Kolkata). Being a non-charitable activity, said service provided by the Trust is not eligible for exemption from GST}	4,00,000
Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal {Being a charitable activity of preservation of wildlife, the service provided by the Trust is eligible for exemption from GST}	Nil
Letting out of precincts of religious place owned by the Trust in Kolkata {Renting of precincts of a religious place meant for general public owned by a charitable trust is exempt only when the rent is less than ₹ 10,000 per day. Since the rent is ₹ 10,000 per day, the same is not eligible for exemption}	2,00,000
Total Value of Taxable Supply	14,00,000

Question 41

Green Agro Services, a registered person provides the following information relating to its activities during the month of February 2024:

S.No.	Gross Receipts From	Amount (₹)
(i)	Services relating to rearing of sheeps	6,00,000
(ii)	Services by way of artificial insemination of horses	4,00,000
(iii)	Processing of sugarcane into jaggery	8,00,000
(iv)	Milling of paddy into rice	7,50,000
(v)	Services by way of fumigation in a warehouse of agricultural produce	1,80,000

All the above receipts are exclusive of GST. Compute the value of taxable supplies under GST laws for the month of February 2024.

Answer:

Computation of Value of Taxable Supplies:

Particulars	Amount (₹)
Services relating to rearing of sheeps **{Exempt since services relating to rearing of all life forms of animals, except horses, for food etc are exempt}**	Nil
Services by way of artificial insemination of horses **{Not exempt since services of artificial insemination are exempt only of livestock other than horses}**	4,00,000
Processing of sugarcane into jaggery **{Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane}**	8,00,000
Milling of paddy into rice **{Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy}**	7,50,000
Services by way of fumigation in a warehouse of agricultural produce {No exemption available under GST}	1,80,000
value of Taxable Supplies	21,30,000

Question 42

Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying ₹$8,000$ as maintenance charges per month for sourcing of good's and services from third persons for common use of its members. The Association purchased a water pump for ₹ 59,000 (inclusive of GST of ₹ 9,000) and availed input services for ₹ 23,600 (inclusive of GST of ₹ 3,600) for common use of its members during February 2024.

Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 2024. GST rate is 18%. All transactions are intra-state. There is no opening ITC and all conditions for ITC are fulfilled.

Answer :

Computation of Total GST Payable By Satya Sai Residents Welfare Association:

Particulars	Amount (₹)
Maintenance charges received (₹$8,000 \times 30$ members) **{Services by RWA to its members for sourcing of goods or services from a third person for the common use of its members in a housing society are exempt provided the share of contribution per month per**	2,40,000

member is upto ₹ 7,500 ; otherwise, entire amount is taxable}	
Total GST Payable @ 18% {1t has been assumed that maintenance charges are exclusive of GST}	43,200

Residents Welfare Association is entitled to take ITC of GST paid by them on capital goods, goods and input services, used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies. Where the amount charged for such supplies is more than ₹ 7,500 per month per member. Thus, Satya Sai Residents Welfare Association can avail ITC of GST paid on water pump purchased (₹ 9,000) and input services availed (₹ 3,600).

Net GST payable in that case will come out ₹ 30,600 {₹ 43,200 - (₹ 9,000 + ₹3,600)}.

Question 43

M/s AB Ltd, a registered company of Chennai, Tamil Nadu has provided following services for the month of October 2023. All the above amounts are exclusive of GST.

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com	2,50,000
online monthly magazine containing question bank and latest updates in law to students of PQR Law college offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

Compute the taxable supplies of M/s AB Ltd for the month of October 2023 with necessary explanations.

Answer:

Computation of Value of Taxable Supplies:

Particulars	Amount (₹)
Services of transportation of students, faculty and staff to Commerce College {Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent}	2,50,000
Online monthly magazine to students of PQR Law College {Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt}	Nil
Housekeeping services to T Coaching Institute {Not exempt}	50,000
Security services to N Higher Secondary School **{Security services provided to an educational institution providing education up to higher secondary school are exempt}**	Nil
Services of providing breakfast, lunch and dinner to students of ABC Medical College **{Not exempt, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent}**	5,80,000
Value of Taxable Supplies	8,80,000

Question 44

Mr Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of removal of stones from his kidney. For the said services, Surkasha hospital charged following from Mr Das:

(i) Room rent ₹7,000 per day for 2 days.

(ii) Operation theatre charges ₹5,000

(iii) Doctors Consultation Charges ₹ 8,000

(iv) Other services ₹ 4,000

In each of the above scenario explain whether Suraksha Hospital should levy GST or not in line with the relevant provisions of the GST laws.

Answer:

Taxability of 'Health-Care Services' Provided By Clinical Establishment: Exemption is available in respect of health-care services provided by a clinical establishment, an authorised medical practitioner or para-medics. Health-care services include diagnosis, treatment, care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India (recognized system of medicines are allopathy, yoga, naturopathy, ayurveda, homeopathy, sidhha, unani, etc.}

Taxability of 'Room Rent Charges' Recovered By Clinical Establishment:

· Intensive Care Unit/Critical Care Unit/Intensive Cardiac Care Unit/Neo-Natal Intensive Care Unit: Full exemption available irrespective of the amount of rent charges.

· Other Cases: Exemption available only where the rent charges don't exceed ₹ 5,000 per day.

In light of the above stated law, the taxability of the services specified in the question shall be as follows:

(i) Room rent ₹ 7,000 per day for 2 days - Taxable as the room charges exceed ₹ 5,000 per day.

(ii) Operation theatre charges ₹ 5,000-Exempt as the same is a part of 'health-care services'.

(iii) Doctors Consultation Charges ₹ 8,000 - Exempt as the same is a part of 'health-care services'.

(iv). Other services ₹ 4,000-Exempt as the same is a part of 'health-care services'.

Question 45

Mr Dhanwan, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 2023:

S.No.	Particulars	Amount (₹)
(i)	Consideration received from security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
(ii)	Amount received as an honorarium for participation as guest anchor on "Apna TV" in relation to a debate.	2,25,000
(iii)	Sum received as hiring charges for provision of non-air conditioned contract carriage for transportation of employees to and from the work to M/s Siddhi Pvt Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
(iv)	Amount received from provision of training in recreation activities of music.	90,000
(v)	Renting of residential flat to Mr Sahil (proprietor of M/s Dayaram & Sons), a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to computer the value of supply on which GST is to be paid by Mr Dhanwan for the month of January 2023. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer.

Answer:

Computation of Value of Supply on Which GST Needs To Be Paid By Mr Dhanwan For The Month Of January 2023:

Particulars	Amount (₹)
Security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function. **{Security and housekeeping services provided within the premises of a school are exempt. Security and housekeeping services provided to Holy Foundation for its annual day function organised outside the school premises will be taxable as only the security and housekeeping services performed within the premises of a school are exempt}**	60,000
Honorarium received for participation as guest anchor on "Apna TV" in relation to a debate **{Services provided by guest anchors in lieu of honorarium attract GST liability as no exemption has been prescribed in respect of the said services}**	2,25,000
Hiring charges for provision of non-AC contract carriage for transportation of employees to and from the work to M/s Siddhi Pvt Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company. **{Exemption is available for passenger transportation services by non-AC contract carriages where transportation takes place over a pre-determined route on a pre-determined schedule. The said exemption is not available where contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the service recipient and the recipient is thus free to decide the manner of usage (route and schedule)}**	1,50,000
Amount received from provision of training in recreation activities of music. **{Exemption is available in respect of services provided by an individual by way of training or coaching in recreational activities relating to arts or culture}**	Exempt
Renting of residential flat to Mr Sahil (proprietor of M/s Dayaram & Sons), a registered person under GST for the purpose of his own residence (in personal capacity) **{Exemption is available where residential dwelling is rented out to a registered person for use as residence provided the renting is in a personal capacity having no connection with the business or profession of the said registered person}**	Exempt
Value of Taxable Supplies	4,35,000

Question 46

Mr Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January 2024:

(i) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.

(ii) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.

(iii) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.

(iv) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000.

(v) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr Ravindra for the month of January 2024. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of answer.

Answer:

Computation of Value of Supply on Which GST Needs To Be Paid By Mr Ravindra For The Month Of January 2024:

Particulars	Amount (₹)
Remuneration received as a chief selector of hockey team **{Taxable since services provided to a recognized sports body by an individual only as a player, referee, umpire, coach or team manager are exempt}**	5,00,000
Service of pure labour contract for construction of independent residential unit **{Services of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt}**	Exempt
Rental income from warehousing of sugarcane **{Warehousing of sugarcane (being an agricultural produce) is exempt}**	Exempt
Services to Municipal Corporation of Bhopal for slum improvement and upgradation **{Services provided to a local authority by way of slum improvement and upgradation are exempt. It has been assumed that either the services provided are pure services or composite supply where value of supply of goods is upto 25% of value of such supply and consequently, said supply has been considered as exempt from GST}**	Exempt
Consideration received against western music dance performance in an event **{Taxable, since the amount is received for western music dance performance. Exemption is available for performance in folk or classical art forms of music or dance, if the consideration charged for such performance is not more than ₹ 1,50,000}**	1,25,000
Value of Taxable Supplies	6,25,000

Question 47

ABC Infra, is a partnership firm registered under GST. It furnishes the following details about services provided during the month of February 2024:

S.No.	Particulars	Amount (₹)
(i)	Consideration received from neighbouring Housing Cooperative Society as ABC Infra agrees to install effluent plant for treatment of wastewater even though there is no legal requirement to do so.	5,00,000
(ii)	Consideration received from distribution of passes for cricket match organized as firm's annual event. Total 500 passes have been distributed.	2,42,500
(iii)	Services given of booking air tickets in economy class for flight between Mumbai to Manipur.	1,20,000
(iv)	Services given for construction of buildings to State Government in relation to function entrusted to Municipality under Article 243W of the Constitution. Construction material used of ₹2,79,375 is included in the given figure.	8,20,000

All supplies mentioned above are intra-state supplies. GST rates for CGST, SGST, IGST are 9%, 9%, 18% respectively. Compute the GST payable by the ABC infra for the month of February 2024.

Answer:

Computation Of GST Payable By ABC Infra For The Month of February 2024:

Particulars	Amount (₹)
Consideration received from neighbouring Housing Cooperative Society for voluntary installation of effluent plant {Taxable since no exemption is available in respect of such services}	5,00,000
Consideration received from distribution of passes for cricket match organized as firm's annual event {Price per pass is ₹ 485 (₹ $\frac{2,42,500}{500}$ passes). Exemption is available in respect of tickets of sporting events provided the ticket price doesn't exceed ₹ 500}	Exempt
Services given of booking air tickets in economy class for flight between Mumbai to Manipur. {Exemption is available where flight originates/terminates in north-eastern region}	Exempt
Services given for construction of buildings to State Government in relation to function entrusted to Municipality under Article 243 W of the Constitution **{Exemption is available in case of pure services as well as composite supply where value of supply of goods is upto 25% of value of such supply. No exemption is available in the present case because the value of supply**	8,20,000

of goods is more than 25% of value of total supply}	
Total Value of Taxable Supply	13,20,000
CGST & SGST Payable @ 9% Each	1,18,800

Question 48

State whether following services are exempted or not:

Services	Remarks
Shri Jagdish Ji, a priest, charged ₹ 21,000/- from Mr. X for carrying out the rituals of his marriage ceremony.	**Exempt as per Entry 13**
Rent of ₹ 19,000 charged for letting out community hall in a temple premises for marriage ceremony.	**Not Exempt**
Temple provides room (in the precincts of the temple) on rent of ₹ 750 per day to the pilgrims.	**Exempt as per Entry 13**

Question 49

Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

Particulars	₹
Fees charged for yoga camp conducted by a charitable trust.	**50,000**
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts.	**1,00,000**
Amount charged by cord blood bank for preservation of stem cells.	**5,00,000**
Amount charged for service provided by commentator to a recognized sports body	**5,20,000**

Answer:

Computation of value of taxable supply:

Particulars	Entry	₹
Fees charged for yoga camp conducted by a charitable trust	**1**	**Exempt**
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts.	**39**	**Exempt**
Amount charged by cord blood bank for preservation of stem cells.	**73**	**Exempt**
Amount charged for service provided by commentator to a recognized sports body.		**5,20,000**

Question 50

Mr. Ijas, a performing artist, provides the following information relating to October, 2024:

Receipts from	Amount (₹)
Performing classical dance	**1,40,000**
Performing in television serial	**2,80,000**
Services as brand ambassador	**12,00,000**
Coaching in recreational activities relating to arts	**2,10,000**
Activities in sculpture making	**3,10,000**
Performing western dance	**90,000**

Answer:

Computation of value of taxable supply:

Particulars	Amount (₹)
Performing classical dance [Exempt as per entry 78]	**Exempt**
Performing in television serial	**2,80,000**
Services as brand ambassador	**12,00,000**
Coaching in recreational activities relating to arts [Exempt as per entry 80]	**Exempt**
Activities in sculpture making	**3,10,000**

Performing western dance	90,000
Value of taxable supply	18,80,000

Question 51

On the basis of following information, you are requested to compute value of taxable supply and GST:

	Particulars	₹
a)	Advertisement through hoardings	1,00,000
b)	Performances as folk-dance artist	80,000
c)	Hotel room @ ₹ 2,500/- per room	1,50,000
d)	Rent received for residential dwelling use as residence per month	20,000
e)	Received from outdoor catering service	1,50,000
f)	Received by a professional training centre	1,80,000
g)	Received from service by way of transportation of passengers by inland waterways	50,000
	Assuming GST @ 18% i.e. CGST - 9% & SGST - 9%	

Answer:

Computation of value of taxable supply and tax liability:

	Particulars	₹
a)	Advertisement through hoardings	1,00,000
b)	Performances as folk-dance artist [Exempt as per entry 78]	Exempt
c)	Hotel room @ ₹ 2,500/- per room	1,50,000
d)	Rent received for residential dwelling use as residence per month	Exempt
e)	Received from outdoor catering service [Exempt as per entry 12]	1,50,000
f)	Received by a professional training centre	1,80,000
g)	Received from service by way of transportation of passengers by inland waterways [Exempt as per entry 17]	Exempt
	Value of taxable supply	5,80,000
	Tax on above	
	- CGST [₹ 5,80,000 x 9%]	52,200
	- SGST [₹ 5,80,000 x 9%]	52,200

Question 52

Compute the taxable value of supply of service of A Ltd. for the month of June 2024 from the following information:

S.N.	Particulars	₹
(1)	Entry fees received for cultural programme organised in open theatre where the ticket price is ₹ 200	5,00,000
(2)	Receipts on account of stand alone ride in a mall	2,00,000
(3)	Receipts of video parlours for exhibiting movies	2,00,000
(4)	Auxiliary services provided in capacity of an event manager for organising an event	15,00,000
(5)	Receipts from running Natraj Circus	8,00,000
(6)	Receipts on account of admission to award function where the consideration for admission is ₹ 400 per person	5,00,000
(7)	Receipts on account of admission to musical performance where the consideration for admission is ₹ 1,000 per person	10,00,000
(8)	Receipts on account of admission to recognised sporting event where the consideration for admission is ₹ 1,000 per person	10,00,000
(9)	Receipts on account of admission to non recognised sporting event where the consideration for admission is ₹ 1,000 per person	10,00,000
(10)	Receipts of amusement park	15,00,000

Answer:

Computation of value of taxable supply:

S.N.	Particulars	₹
(1)	Entry fees received for cultural programme organised in open theatre [Entry 81]	Exempt
(2)	Receipts on account of stand alone ride in a mall	2,00,000
(3)	Receipts of video parlours for exhibiting movies	2,00,000
(4)	Auxiliary services provided in capacity of an event manager for organising an event	15,00,000
(5)	Receipts from running Natraj Circus	Exempt
(6)	Receipts on account of admission to award function where the consideration for admission is ₹ 400 per person	Exempt
(7)	Receipts on account of admission to musical performance where the consideration for admission is ₹ 1,000 per person	10,00,000
(8)	Receipts on account of admission to recognised sporting event where the consideration for admission is ₹ 1,000 per person	10,00,000
(9)	Receipts on account of admission to non recognised sporting event where the consideration for admission is ₹ 1,000 per person	10,00,000
(10)	Receipts of amusement park	15,00,000
	Value of taxable supply	64,00,000

Question 53

Agro Farm Limited registered under GST furnishes the following details with respect to the activities undertaken by them in the month of May, 2024:

S.N.	Particulars	₹
(1)	Receipts from Supply of farm labour	85,000
(2)	Charges for seed testing	65,000
(3)	Charges for soil testing of farm land	35,000
(4)	Charges for warehousing of potato chips	85,000
(5)	Commission received on sale of wheat	75,000
(6)	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research	10,000
(7)	Renting of vacant land to a stud farm	1,85,000
(8)	Leasing of vacant land to a cattle farm	83,500
(9)	Charges for warehousing of rice	1,50,000
(10)	Charges for warehousing of cotton fabrics	2,00,000
(11)	Retail packing and labelling of fruits and vegetables	5,00,000

Compute the value of taxable supply of Agro Farm Limited for the month of May, 2024 if all the above amounts are exclusive of GST.

Answer:

Computation of value of taxable supply

S.N.	Particulars	₹
(1)	Receipts from Supply of farm labour [Entry 54]	Exempt
(2)	Charges for seed testing [Entry 54]	Exempt
(3)	Charges for soil testing of farm land [Entry 54]	Exempt
(4)	Charges for warehousing of potato chips	85,000
(5)	Commission received on sale of wheat [Entry 54]	Exempt
(6)	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research [Entry 54]	Exempt
(7)	Renting of vacant land to a stud farm	1,85,000
(8)	Leasing of vacant land to a cattle farm [Entry 54]	Exempt

(9)	Charges for warehousing of rice [Entry 24]	Exempt
(10)	Charges for warehousing of cotton fabrics	2,00,000
(11)	Retail packing and labelling of fruits and vegetables [Entry 57]	Exempt
	Value of taxable Supply	4,70,000

Question 54

Mr. Dev a famous cricketer furnishes you with the following information of the various receipts for the month ended 30-09-2024. You are required to compute value of taxable supply:

S.N.	Particulars	₹
(1)	Receipts from Sports Authority of India for participation in recognised sport	50 lakh
(2)	Receipts from franchisee of Indian Premier league (not a recognised sports body)	75 lakh
(3)	Receipts from acting as brand ambassador for corporate client	22 lakh
(4)	Receipts of sports training academy to coach young players	15 lakh

Answer:

Computation of value of taxable supply

S.N.	Particulars	₹
(1)	Receipts from Sports Authority of India for participation in recognised sport [Entry 68]	Exempt
(2)	Receipts from franchisee of Indian Premier league (not a recognised sports body)	75 lakh
(3)	Receipts from acting as brand ambassador for corporate client	22 lakh
(4)	Receipts of sports training academy to coach young players [Entry 80]	Exempt
	Value of taxable supply	97 lakh

Question 55

M/s. D Bank Limited, a Scheduled Commercial Bank has furnished the following details for the month of August, 2024:

Particulars	₹ in Crores (Excluding GST)
Extended Housing Loan to its customers	200
Processing fees collected from its customers on sanction of loan	40
Commission collected from its customers on bank guarantee	60
Interest income on credit card issued by the bank	80
Interest received on housing loan extended by the bank	50
Minimum balance charges collected from current account & saving account holder	02

Compute the value of taxable supply.

Answer:

Computation of value of taxable supply

Particulars	₹ in Crores
Extended Housing Loan to its customers [Money is not considered as goods hence, extending loan is not a supply]	-
Processing fees collected from its customers on sanction of loan	40
Commission collected from its customers on bank guarantee	60
Interest income on credit card issued by the bank	80
Interest received on housing loan extended by the bank [Interest on loan is exempt]	-
Minimum balance charges collected from current account & saving account holder	02
Value of taxable supply	182



CHAPTER 8 INPUT TAX CREDIT

Question 1

What is input tax?

Answer:

Input tax means the Central Tax (CGST), State Tax (SGST), Integrated Tax (IGST) or Union Territory Tax (UTGST) charged on supply of goods/services or both made to a registered person. It also includes tax paid on reverse charge basis and IGST charged on import of goods. It does not include tax paid under composition levy.

Question 2

What are the conditions necessary for availing ITC?

Answer:

Following six conditions are to be satisfied by the registered taxable person for obtaining ITC:

(a) He is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;

(b) He has received the goods or services or both;

(c) The details of the invoice or debit note referred to in Condition I should have been furnished by the supplier in the statement of outward supplies (Form GSTR-1 or IFF) and such details should have been communicated to the registered recipient in Form GSTR-2B;

(d) The details of input tax credit in respect of the said supply communicated to such registered person u/s 38 has not been restricted.

(e) The supplier has actually paid the tax charged in respect of the supply to the Government; and

(f) He has furnished the return u/s 39.

Question 3

Can a person take ITC without payment of consideration for the supply along with tax?

Answer:

Yes, the recipient can take ITC. However, he is required to pay the consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.

Question 4

What is the time limit for taking ITC and reasons therefor?

Answer:

The time limit for taking ITC is 30^{th} November of the succeeding financial year or date of filing of annual return, whichever is earlier

Question 5

What is the ITC entitlement of a newly registered person?

Answer:

A person applying for registration can take input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration.

If the person was liable to take registration and he has applied for registration within 30 days from the date on which he became liable to registration, then ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date on which he became liable to pay tax can be taken.

In case of voluntary registration, ITC of such goods held in stock on the day immediately preceding the date of registration can be taken.

Question 6

What is the implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

Answer:

In case of supply of capital goods or plant and machinery on which ITC has been taken, the registered person shall pay an amount equal to the ITC taken on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof from the date of invoice or the tax on the transaction value of such capital goods, whichever is higher.

However, in case of refractory bricks, moulds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.

Question 7

A registered person transfers its business to another person. Is such registered person allowed to transfer the unutilized ITC lying in

its electronic credit ledger to such transferred business? Discuss.

Answer:

As per Section 18(3), in case of sale, merger, demerger, amalgamation, transfer or change in ownership of business etc, the ITC that remains unutilized in the electronic credit ledger of the registered person can be transferred to the new entity, provided there is a specific provision for transfer of liabilities in such change of constitution.

The registered person should furnish the details of change in constitution on the common portal and submit a certificate from practicing Chartered Account/Cost Accountant certifying that the change in constitution has been done with a specific provision for transfer of liabilities. Upon acceptance of such details by the transferee on the common portal, the unutilized ITC gets credited to his electronic credit ledger. The transferee should record the inputs and capital goods so transferred in his books of account.

Question 8

Swastik Pvt Ltd is a manufacturer of taxable goods. It purchased a machinery for ₹ $8,00,000$ on which IGST of ₹ 14,400 is paid. The company has claimed depreciation under the Income Tax Act, 1961 on the full value of the machine, ie including the IGST component of ₹ 14,400 availed by it as ITC. Examine if the stand taken by the company is correct in law.

Answer:

As per Section 16(3), if the person taking the ITC on capital goods and plant and machinery has claimed depreciation on the tax component of the cost of the said items under the Income Tax Act 1961, the ITC on the said tax component shall not be allowed. Since in the given case, Swastik Pvt Ltd has claimed depreciation on the tax component of the cost of the machine, it cannot claim ITC of IGST of ₹ 14,400 paid by it on the machine. It can either claim depreciation on the tax component or avail ITC of such tax but cannot avail both the benefits simultaneously.

Question 9

Sigma Consultants, an LLP of finance professionals, provides financial consultancy services. It made an advance payment of ₹1,18,000 (inclusive of IGST @ 18%) in the month of October to Azuro Computer Services for developing a software. The software would be used by the LLP to enhance the precision of the financial advice given by it to various clients. The balance payment is to be made after the successful test run of the software in the month of December. Sigma Consultants has availed ITC of IGST of ₹ 18,000 in the month of October.

Do you think Sigma Consultants can avail such ITC? Examine the scenario with reference to the relevant legal provisions.

Answer:

As per Section 16(2) (b), tax paid on supply of goods and/or services can be availed as ITC only if such goods and/or services are received by the registered person. In the given case, sigma consultants has paid IGST of ₹ 18,000, in the month of October, on advance for IT services intended to be used in the course or furtherance of business. However, it cannot avail ITC of such tax in the month of October as the services in relation to which the advance payment has been made have not been received in that month.

Question 10

A taxable person is in the business of information technology. He buys a car (maximum seating capacity - 5 persons) for use of his Executive Directors. Can he avail the ITC in respect of GST paid on purchase of such car?

Answer:

No. ITC on motor vehicles for transportation of persons with seating capacity of up to 13 persons (including driver), can be availed only if the taxable person is in the business of transport of passengers or is providing the services of imparting training on driving such motor vehicles or is in the business of supply of such motor vehicles.

Question 11

A technical testing agency tests and certifies each batch of machine tools before dispatch by BMT Ltd. Some of these tools are dispatched to a unit in a SEZ without payment of GST as these supplies are not taxable. The finance personnel of BMT Ltd want to know whether they need to carry out reversal of ITC on the testing agency's services to the extent attributable to the SEZ supplies. Give your comments.

Answer:

ITC is disallowed only to the extent it pertains to supplies used for non-business purposes or supplies other than taxable and zero-rated supplies. Supplies to SEZ units are zero rated supplies in terms of Section 16(4) of the IGST Act. Thus, full ITC is allowed on inward supplies of BMT Ltd used for effecting supplies to the unit in the SEZ.

Question 12

'AB', a registered person, was paying tax under composition scheme up to 30^{th} July. However, wef 31^{st} July, 'AB' becomes liable to pay tax under regular scheme. Is 'AB' eligible for any ITC?

Answer:

'AB' is eligible for ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods as on 30th July. ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

Question 13

Babla Enterprises is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On Ist October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla Enterprises was ₹ 50 lakhs. Examine the eligibility of Babla Enterprises for availing ITC, if any.

Answer:

Since the exemption available on goods being supplied by Babla Enterprises gets withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit on the day when the exemption is withdrawn.

Assuming that Babla Enterprises applies for registration within 30 days of Ist October and it obtains such registration, it will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax, ie 30th september.

Question 14

Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. On Ist October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

Answer:

If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18 become applicable. In the given case, since Mamta Trade Links is a registered person, section 18 will be applicable.

As per Section 18, Mamta Trade Links will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable, ie 30^{th} September. ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

Question 15

Comfortable (P) Ltd is registered under GST in the State of Odisha. It carries on business of manufacture of iron and steel products. It has received IT engineering services from High-Fi Infotech (P) Ltd for ₹11,00,000 (excluding GST @ 18%) on 28^{th} October. Invoice for service rendered was issued on 5^{th} November. Comfortable (P) Ltd made part payment of $₹4,20,000$ on 30^{th} November. Being unhappy with service provided by High-Fi Infotech (P) Ltd, it did not make the balance payment. Deficiency in service rendered was made good by High-Fi Infotech (P) Ltd by 15^{th} April of next year. Comfortable (P) Ltd made the balance payment on 6^{th} July of next year.

Examine the availability of ITC with Comfortable (P) Ltd in respect of IT engineering services received by it from High-Fi Infotech (P) Ltd.

Answer:

Every registered person is entitled to take credit of input tax charged on any supply of goods and/or services which are used or intended to be used in the course or furtherance of his business if, inter alia, he is in possession of a tax invoice issued by a supplier and he has received the goods and/or services.

The registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. In the event of failure to do so, the corresponding credits availed by the registered person would be added to his output tax liability, with interest. However, once the recipient makes the payment of value of goods and/or services along with tax, he will be entitled to avail the credit again without any time limit. In case part-payment has been made, proportionate credit would be allowed.

In the given case, High-Fi Infotech (P) Ltd provides the service in the month of October and Comfortable (P) Ltd receives the invoice in the month of November. Therefore, in view of the above provisions and assuming all other conditions required for availing ITC having been fulfilled, ITC of ₹1,98,000 ($₹\ 11{,}00{,}000 \times 18\%$) will be availed by comfortable (P) Ltd in the month of November when it receives the invoice issued by High-Fi infotech (P) Ltd.

However, proportionate ITC amounting to ₹1,33,932 {(₹12,98,000-₹4,20,000) x18/118} will be added to the output tax liability of Comfortable (P) Ltd as full payment has not been made within 180 days of issuance of the invoice, ie by 4^{th} May of next year. ITC of ₹1,33,932 can, however, be availed again by Comfortable (P) Ltd in the month of July next year when it makes the balance payment.

Question 16

M/s Diwan & Sons of New Delhi, has placed an order for 250 kg of plastic granules @ ₹50 per kg (exclusive of GST) on M/s Karim & Bros of Noida, UP. M/s Karim & Bros has agreed to deliver the goods at the warehouse of M/s Diwan & Sons at New Delhi.

While the order was getting packed at the factory of M/s Karim & Bros, M/s Diwan & Sons got an order from Shubhkamna Sales of Hapur, UP for 250 kg of plastic granules @ ₹ 60 per kg (exclusive of GST). In order to save on transportation cost, $\frac{M}{s}$ Diwan & Sons asks M/s Karim & Bros to directly deliver the plastic granules to shubhkamna sales at its godown located in Hapur. Accordingly, M/s Karim & Bros has delivered the plastic granules at the godown of Shubhkamna Sales at Hapur.

Examine the availability of ITC with M/s Diwan & Sons & M/s Karim & Bros.

Note: All the parties are registered under GST and rate of GST is 18%.

Answer:

One of the conditions for availing ITC is that the registered person taking the ITC must have received the goods and/or services. However, goods delivered to a third person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. So, ITC is available to the registered person, on whose order the goods are delivered to a third person even though the registered person does not receive the goods.

In the given case, goods have been delivered by M/s Karim & Bros (supplier) to shubhkamna sales (third person) on the direction of M/s Diwan & Sons (registered person). Therefore, in view of the above provisions, ITC of ₹2,250 ($₹50\ \text{per kg} \times 250\ \text{kg} \times 18\%$) will be available to M/s Diwan & Sons (registered person) on the purchase of 250 kg of plastic granules @ 50 per kg. Further, in this case there is another supply between M/s Diwan & Sons (supplier) and Shubhkamna Sales (recipient). Therefore, shubhkamna sales can avail ITC of ₹ 2,700 ($₹\ 60\ \text{per kg} \times 250\ \text{kg} \times 18\%$) on the purchase of 250 kg of plastic granules @ 60 per kg.

Question 17

Harshgeet Pvt Ltd, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases madelinput services availed by it during the month of July:

S.No.	Tax Liability	Amount (₹)

(1)	Raw Material (To be received in September)	2,50,000
(2)	Membership of a club availed for employees working in the factory	1,45,000
(3)	Inputs to be received in 5lots, out of which 3rd lot was received during the month	80,000
(4)	Trucks used for transport of raw material	40,000
(5)	Capital Goods (out of 3 items, invoice for 2 items is missing & GST paid on those items is ₹ 80,000)	1,50,000

Determine the amount of tax credit available with Harshgeet Pvt Ltd for the month of July by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of ITC Available With Harshgeet Pvt Ltd:

S.No.	Tax Liability	Amount (₹)
(1)	Raw Material (To be received in September) {ITC can be availed only if the goods have been received. Since the goods are received in September, ITC cannot be availed in July}	Nil
(2)	Membership of a club availed for employees working in the factory {Blocked credit in terms of section 17(5) of the CGST Act, 2017}	Nil
(3)	Inputs to be received in 5 lots, out of which 3rd lot was received during the month {In case of goods received in lots, ITC can be taken only upon receipt of the last lot}	Nil
(4)	Trucks used for transport of raw material {ITC of GST paid on motor vehicles is allowed only when used, inter alia, for transportation of goods}	40,000
(5)	Capital Goods (out of 3 items, invoice for 2 items is missing & GST paid on those items is ₹ 80,000) EITC of GST paid on items for which invoice is missing is not available; so ITC of ₹ 80,000 is not available?	70,000
Total ITC Available		1,10,000

Question 18

Jamku Ltd, a registered person, is engaged in the business of spices. It provides the following details for GST paid during October. Determine the amount of ITC available to Jamku Ltd for the month of October with all related workings and explanations. All the conditions necessary for availing the ITC have been fulfilled.

S.No.	Particulars	Amount (₹)
(i)	Purchase of raw spices: • Raw spices used for furtherance of spices • Raw spices used for personal use of directors	 50,000 20,000
(ii)	Electric machinery purchased to be used in the manufacturing process	25,000
(iii)	Motor vehicle used for transportation of the employee	55,000
(iv)	Payment made for material and to contractor for construction of staff quarter	1,25,000

Answer:

Computation of ITC Available With Jamku Ltd:

S.No.	Particulars	Amount (₹)
(i)	Purchase of raw spices used for furtherance of spices {Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business} Purchase of raw spices used for personal use of directors {ITC is not available on goods used for personal consumption}	50,000
(ii)	Electric machinery purchased to be used in the manufacturing process {Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business}	25,000
(iii)	Motor vehicle used for transportation of the employee {ITC on motor vehicles can be availed, inter alia, when they are used for making the taxable supply of transportation of passengers. In the given case, since the supplier is in the business of spices, it cannot avail credit on motor vehicles used for transportation of the employee. Thus, ITC on motor vehicle used for transportation of the employee is blocked credit} - Assumed that the seating capacity of the vehicle including driver ⩽ 13 persons	Nil
(iv)	Payment made for material and to contractor for construction of staff quarter {ITC is not available on goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in	Nil

	the course or furtherance of business}	
Total Eligible ITC		75,000

Question 19

Dina Ltd, a registered supplier from Maharashtra, is engaged in the manufacturing of passenger auto. The company provides the following details of purchases made/services availed by it during the month of March. You are required to determine the eligible input tax credit available to M/s Dina Ltd for the month of March, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing input tax -credit have been fulfilled.

S.No.	Particulars	Amount (₹)
(i)	Purchase of iron which is used as a raw material {Goods were received in two instalments, first one in March and the second instalment was received in April}	2,50,000
(ii)	Purchase of accessories which were delivered directly to the dealers of the company. Only invoice was received by Dina Ltd	90,000
(iii)	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
(iv)	Input tax credit on general insurance taken on a car used by executives of the company for official purposes	5,200
(v)	Payment made to M/s Tasty Caterers for providing daily breakfast & lunch to the employees of the company, as a voluntary staff welfare measure	54,700

Answer:

Computation of Input Tax Credit (ITC) Available With Dina Ltd:

S.No.	Particulars	Amount (₹)
(i)	Purchase of iron which is used as a raw material {Goods were received in two instalments, first one in March and the second instalment was received in April} {When inputs are received in instalments, ITC can be availed only on the receipt of last instalment. Hence, since last instalment is received in April, ITC cannot be availed in March}	Nil
(ii)	Purchase of accessories which were delivered directly to the dealers of the company. Only invoice was received by Dina Ltd {Goods delivered to another person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. Thus, ITC is available to the registered person, on whose order/direction the goods are delivered to a third person}	90,000
(iii)	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back {ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed}	1,97,000
(iv)	Input tax credit on general insurance taken on a car used by executives of the company for official purposes {ITC on motor vehicles for transportation of persons with seating capacity $\leqslant 13$ persons (including the driver) is blocked except when the same are used for (a) making further taxable supply of such motor vehicles (b) making taxable supply of transportation of passengers (c) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on general insurance taken on such car is also blocked}	Nil
(v)	Payment made to M/s Tasty Caterers for providing daily breakfast & lunch to the employees of the company, as a voluntary staff welfare measure {ITC on outdoor catering is blocked except (a) in the case of sub-contracting, ie when such service is used by the taxpayer who is in the same line of business (b) when such service is provided by the employer to its employees under a statutory obligation. Since the company is not an outdoor caterer and it is providing such services to its employees as a voluntary staff welfare measure, ITC on such outdoor catering services is blocked}	Nil
Total ITC Available		2,87,000

Question 20

Paritosh & Co, a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

S.No.	Particulars	Amount (₹)
(i)	Intra-state taxable supply of goods	10,00,000

(ii)	Inter-state taxable supply of goods	8,00,000

It has also furnished the following information in respect of purchases made by it in that tax period:

S.No.	Particulars	Amount (₹)
(i)	Intra-state purchase of goods	3,00,000
(ii)	Inter-state purchase of goods	2,50,000

Paritosh & Co has following ITCs with it at the beginning of the tax period:

Nature	ITC Amount (₹)
CGST	57,000
SGST	60,000
IGST	1,40,000

Compute the minimum GST, payable in cash, by Paritosh & co for the tax period and the ITC to be carried forward to the next month after taking note of the following points. Make suitable assumptions as required.

· Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

· Both inward and outward supplies are exclusive of taxes wherever applicable.

· All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of Output GST Liability of Paritosh & Co:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-state taxable supply of goods	10,00,000	90,000	90,000	-
Inter-state taxable supply of goods	8,00,000	-	-	1,44,000
Total		90,000	90,000	1,44,000

Computation of Input GST Credit of Mr Himanshu:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	57,000	60,000	1,40,000
Intra-state purchase of goods from registered dealer {Assumed that inward supply of goods is used/intended to be used in the course/furtherance of his business}	3,00,000	27,000	27,000	-
Inter-state purchase of goods from registered dealer {Assumed that inward supply of goods is used/intended to be used in the course/furtherance of his business}	2,50,000	-	-	45,000
Total		84,000	87,000	1,85,000

Computation of Net GST Payable In Cash:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	90,000	90,000	1,44,000
Less: Utilization of ITC			
• IGST	(38,000)	(30,000)	(1,44,000)
• CGST	(52,000)	-	-
• SGST	-	(87,000)	-
Net GST Payable In Cash	Nil	Nil	Nil
ITC Balance To Be C/F To Next Period	32,000	*Nil	Nil

Question 21

Mr Nimit, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies in the month of August 2023:

S.No.	Particulars	Amount (₹)
(i)	Intra-state supplies of goods	₹6,00,000
(ii)	Inter-state supplies of goods	₹2,00,000

He has also furnished the following information in respect of purchases made from registered dealers during August 2023:

S.No.	Particulars	Amount (₹)
(i)	Intra-state purchase of goods	₹ 4,00,000
(ii)	inter-state purchase of goods	₹50,000

Balance of ITC available at the beginning of August 2023:

Nature	ITC Amount (₹)
CGST	₹ 15,000
SGST	₹ 35,000
IGST	₹ 20,000

Compute the net GST payable by Mr Nimit for the month of August 2023 after taking note of the following points:

· Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies.

· Both inward and outward supplies given above are exclusive of taxes, wherever applicable.

· All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of output GST Liability of Mr Nimit {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-state taxable supply of goods	6,00,000	54,000	54,000	-
Inter-state taxable supply of goods	2,00,000	-	-	36,000
Total		54,000	54,000	36,000

Computation of input GST Credit Of Mr Ajay? {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	15,000	35,000	20,000
Intra-state purchase of taxable goods	4,00,000	36,000	36,000	-
Inter-state purchase of goods	50,000	-	-	9,000
Total		51,000	71,000	29,000

Computation of Net GST Payable In Cash {August 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	54,000	54,000	36,000
Less: Utilization of ITC			
- Set-off of IGST credit against IGST liability		-	(29,000)
- Set-off of CGST credit against CGST liability	(51,000)	-	-
- Set-off of SGST credit firstly against SGST liability and then against IGST liability	-	(54,000)	(7,000)
Net GST Payable in Cash	3,000	Nil	Nil

Note: Balance SGST credit of ₹ 10,000 shall be c/f to the future periods.

Question 22

Mr Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 2023:

S.No.	Particulars	Amount (₹)
(i)	Inter-state taxable supply of goods	10,00,000
(ii)	Intra-state taxable supply of goods	2,00,000
(iii)	Intra-state purchase of taxable goods	5,00,000

He has the following input tax credit at the beginning of August 2023:

Nature	ITC Amount (₹)
CGST	20,000

SGST	30,000
IGST	25,000

Compute the net GST payable by Mr Ajay for the month of August 2023 after taking note of the following points:

· Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

· Both inward and outward supplies are exclusive of taxes wherever applicable.

· All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of output GST Liability of Mr Ajay {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-state taxable supply of goods	2,00,000	18,000	18,000	-
Inter-state taxable supply of goods	10,00,000	-	-	1,80,000
Total		18,000	18,000	1,80,000

Computation of Input GST Credit Of Mr Ajay {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	20,000	30,000	25,000
Intra-state purchase of taxable goods	5,00,000	45,000	45,000	-
Total		65,000	75,000	25,000

Computation of Net GST Payable In Cash {August 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	18,000	18,000	1,80,000
• Set-off of IGST credit against IGST liability	-	-	(25,000)
• Set-off of CGST credit firstly against CGST liability and then against IGST liability	(18,000)	-	(47,000)
• Set-off of SGST credit firstly against SGST liability and then against IGST liability	-	(18,000)	(57,000)
Net GST Payable in Cash	Nil	Nil	51,000

Question 23

Insight Ltd is operating in West Bengal. The tax liability for the month of August 2023 is as follows:

S.No.	Tax Liability	Amount (₹)
(i)	Output CGST Payable	24,000
(ii)	Output SGST Payable	9,000
(iii)	Output IGST Payable	3,000
(iv)	Input CGST	7,000
(v)	Input SGST	14,000
(vi)	Input IGST	12,000

Calculate tax payable and carry forward for the month of August 2023.

Answer:

Computation of Net GST Payable In Cash {August 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	24,000	9000	3,000
Less: Utilization of ITC			
• Set-off of IGST liability from IGST credit	-	-	(9,000)
• Set-off of IGST credit against CGST liability	(9,000)	-	-
• Set-off of CGST and SGST credit against CGST and SGST liability respectively	(7,000)	(9,000)	-
Net GST Payable in Cash	8,000	Nil	Nil

Note: Unutilized SGST credit of ₹ 5,000 shall be c/f to next period.

Question 24

From the following information, compute the net GST payable for the month of October 2023:

	Output GST (₹)	Opening ITC as per Credit Ledger (₹)
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

Answer:

Computation of Net GST Payable In Cash {October 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	2,000	15,000	24,000
Less: Utilization of ITC			
• Set-off of IGST liability from IGST credit	-	-	(24,000)
• Set-off of IGST credit against CGST & SGST liability	(2,000)	(11,000)	-
• Set-off of SGST credit against SGST liability	-	(1,000)	-
Net GST Payable In Cash	Nil	3,000	Nil

Question 25

From the following information furnished by ABC Ltd, determine the amount of input tax credit admissible in respect of various inputs purchased during the month of September 2023:

Particulars	Amount (₹)
Goods purchased without invoice	25,000
Purchase of goods not to be used for business purposes	18,000
Goods purchased from PQR Ltd (Full payment is made by ABC Ltd to PQR Ltd against such supply but tax has not been deposited by PQR Ltd)	1,20,000
Purchase of goods from πLtd (Invoice of πLtd is received in the month of September 2023, but goods were received in the month of October 2023)	24,000
Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd has made payment to FF Ltd for such purchases in October 2023.	36,000

Answer:

Computation of Admissible ITC:

Particulars	Amount (₹)
Goods purchased without invoice	Nil
{Input tax credit is not available in the absence of a supporting document}	
Purchase of goods not to be used for business purposes	
{Input tax credit is available only where the goods are used or intended to be used in the course or furtherance of his business. Since ABC Ltd has purchased the goods for non-business purposes, hence no credit will be admissible on such purchases}	
Goods purchased from PQR Ltd (Full payment is made by ABC Ltd to PQR Ltd against such supply but tax has not been deposited by PQR Ltd)	Nil
{A registered person is entitled to claim credit of input taxes in respect of supply of goods only if the tax charged in respect of such supply has been actually paid to the government. Since PQR Ltd has not deposited the tax to the credit of government, no ITC can be claimed by ABC Ltd}	
Purchase of goods from πLtd (Invoice of πLtd is received in the month of September 2023, but goods were received in the month of October 2023)	Nil
{In case of purchase of goods, input tax credit is admissible only when such goods have been received. Since the goods are received in the month of October 2023, input tax credit cannot be taken in the month of September 2023}	
Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd has made payment to FF Ltd for such purchases in October 2023.	Nil
{Input tax credit shall be admissible in the month of September 2023 even if payment is made by ABC Ltd in the month of October 2023}	
Eligible Input Tax Credit	36,000

Question 26

S Ltd, a manufacturer in Jaipur, entered into a contract with a supplier for supply of Input ' x ' in the month of October 2023. As per contract, it was agreed that 10,000kgs of input ' X ' will be supplied for ₹7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of input ' x '. Following further information has been provided regarding supply of Input ' x ' received in subsequent lots.

Input ' X ' (In Lots)	Quantity (Kgs)	Date of Receipt of Supply
First Lot	2,500	19-10-2023
Second Lot	3,000	21-10-2023
Third Lot	1,500	12-11-2023
Fourth Lot	3,000	01-12-2023

Briefly explain whether S Ltd is eligible to take credit on proportionate basis.

Answer:

Section 16(2) of CGST Act provides that where the goods against an invoice are received in lots or installments, credit can be taken only after the receipt of last lot. Therefore, SLtd is not eligible to claim credit on proportionate basis. Since Input ' x ' has been received in lots, the credit of tax of ₹78,000 $\left(₹7,28,000 \times \frac{12}{112}\right)$ can be taken only after the receipt of last lot (ie, credit can be taken on or after 01-12-2023).

Question 27

XYZ Ltd purchased goods valuing ₹6,00,000 (exclusive of CGST and SGST @ 9% each) under the cover of an invoice dated 25-12-2023. The company made payment to the supplier on the same date. Since there was a doubt regarding admissibility of tax credit on such inputs, the company did not take the input tax credit at the time of receipt of input. The company obtained clarification from a legal consultant who opined that the good's were eligible as inputs under Input Tax Credit Rules. The opinion was received on 05-05-2024. The company now wants to avail input tax credit of the tax paid on such inputs. Can it do so? The company has filed its annual return for FY 2023-24 on 12-08-2024.

Answer:

Section 16(4) of CGST Act provides that a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services after:

(a) 30^{th} November of succeeding financial year; or

(b) furnishing of the relevant annual return, whichever is earlier.

In this case the inputs were purchased by invoice dated 25-12-2023, hence the time by which input tax credit in respect of such inputs can be taken shall be earlier of following dates:

(a) 30-11-2024: or

(b) 12-08-2024, being the date of furnishing of annual return for FY 2023-24.

Since XYZ Ltd can avail credit of input tax paid on inputs till 12-08-2024, therefore, it can avail credit of CGST ₹54,000 and SGST of ₹54,000 on 05-05-2024.

Question 28

A registered supplier of taxable goods supplied goods valued ₹1,12,000 (inclusive of CGST ₹ 6,000 and SGST ₹ 6,000) to PQR Ltd under forward charge on 12-11-2022 for which tax invoice was also issued on the same date. The inputs were received by PQR Ltd on 12-11-2022. PQR Ltd availed credit of ₹12,000 on 15-12-2022. But PQR Ltd did not make any payment towards such supply along with tax thereon to the supplier. Is PQR Ltd eligible to avail input tax credit on such supply?

Discuss ITC implications if PQR Ltd makes payment of ₹78,400 to the supplier on 15-09-2023 and balance payment of ₹33,600 on 06-10-2023.

Answer:

- PQR Ltd can avail input tax credit on receipt of goods. But it is required to pay the consideration along with tax within 180 days from the date of issue of invoice.
- · Where a registered person has availed credit on any inward supply of goods or services without making payment and such person fails to make payment to the supplier within 180 days from the date of issue of invoice, he shall furnish the details of such supply and the amount of input tax credit proportionate to such unpaid amount in his return of the month immediately following such 180 days.
- In this case, since PQR Ltd has not made any payment within 180 days from the date of invoice (ie upto 11^{th} May 2023), therefore amount equal to input tax credit availed by PQR Ltd shall be considered as an output tax liability for the month of May 2023. Such details need to be furnished in the returns which are to be filed for the month of May 2023.
- Interest shall be calculated @ 18% p.a for the period starting from date of availing credit till the date when input tax credit added to the output tax liability is paid.
- If PQR Ltd makes payment of ₹78,400 to the supplier on 15-09-2023 and balance payment of ₹33,600 on 06-10-2023, PQR Ltd shall be entitled to avail input tax credit of ₹ 8,400 and ₹ 3,600 on 15-09-2023 and 06-10-2023 respectively.

Question 29

XYZ Ltd, a manufacturer, which is engaged in supply of taxable goods has purchased 10,000kgs of inputs for ₹ 1,00,000 (exclusive of CGST @ 6% and SGST @ 6%) on which input tax credit has been taken. Due to technical changes in manufacturing process, the said inputs became obsolete and their value has been written off in the books of accounts. Explain treatment of input tax credit in the above case.

Answer:

As per Section 17(5) of CGST Act, if the value of any goods is written-off in the books of accounts, then no input tax credit shall be allowed in respect of the said input. Where input tax credit has been taken in respect of the said goods, the same has to be paid back by the recipient. Since XYZ Ltd has availed input tax credit in the given case, thus it has to pay ₹ 6,000 (₹1,00,000 @ 6%) towards CGST and ₹6,000 towards SGST liability.

Question 30

XYZ Ltd is engaged in supply of works contract services for construction of immovable property. It gives a part of the construction work to a sub-contractor. The sub-contractor charges GST in his invoice to XYZ Ltd. You are required to advice XYZ Ltd if it can avail input tax credit of the GST charged to it by the sub-contractor.

Answer:

As per Section 17(S) of CGST Act, input tax credit shall not be available in respect of works contract services when supplied for construction of an immovable property. However, credit is allowed where it is an input service for further supply of works contract service. In the given case, the services supplied by the sub-contractor have been used by XYZ Ltd for supply of works contract service. Hence, XYZ Ltd can avail input tax credit of the GST charged on the input service provided by the sub-contractor.

Question 31

XY2 Ltd is engaged in supply of passenger transportation services. During september 2022, it has purchased two motor vehicles for ₹36,00,000 plus GST @ 28%. You are required to advice XYZ Ltd if it can avail input tax credit of the GST paid by it on motor vehicles.

Answer:

As per Section 17(5) of CGST Act, input tax credit shall not be available in respect of motor vehicles and conveyances. However, credit will be available when they are used for making taxable supplies of transportation of passengers. Since XYZ Ltd is engaged in transportation of passengers, it will be entitled to take credit of GST amounting to ₹ $10{,}08{,}000$ (₹ $36L^{*}28\%$).

Question 32

XYZ Ltd conducted its 50th Annual General meeting at its head office in New Delhi and availed services of 'Delicious Caterers' on that occasion. Delicious Caterers charged ₹ $15,00,000$ plus GST @ 18% for the supply of outdoor catering services. You are required to advice XYZ Ltd if it can avail input tax credit of GST paid on outdoor catering service.

Answer:

As per Section 17(5) of CGST Act, input tax credit shall not be available in respect of supply of outdoor catering services. Hence, XYZ Ltd is not entitled to avail input tax credit of GST paid on outdoor catering services availed from Delicious Caterers.

Question 33

× Ltd, a registered manufacturer engaged in taxable supply of goods, procured the following goods during the month of October. The same has been capitalized in the books of accounts of × Ltd. Determine the amount of input tax credit available by giving necessary explanations for treatment of various items:

Inward Supplies	GST (₹)
Electrical transformers used in the factory	2,16,000
Moulds and dies used in the factory	26,000
Pollution control equipment used in the factory	2,34,000
Capital goods purchased on which depreciation has been taken on full value including input tax thereon	1,35,000
Capital goods used as parts purchased from supplier who paid tax of ₹ 10,000 under composition scheme and the composition tax has not been collected from × Ltd.	

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Electrical transformers used in the factory {Credit available as the goods are being used in the course or furtherance of business}	2,16,000
Moulds and dies used in the factory {Credit available as the goods are being used in the course or furtherance of business}	26,000
Pollution control equipment used in the factory {Credit available as the goods are being used in the course or furtherance of business}	2,34,000
Capital goods purchased on which depreciation has been taken on full value including input tax thereon {ITC is not admissible where registered person has claimed depreciation on the tax component of the cost of capital goods u/s 32 of Income Tax Act}	Nil
Capital goods used as parts purchased from supplier who paid tax under composition scheme and the composite tax has not been collected from × *Ltd* **{Tax paid under composition scheme by a supplier cannot be claimed as credit by the recipient}**	Nil
Total Imput Tax Credit Available	4,76,000

Question 34

Determine the amount of ITC available with Posco Ltd in respect of the following items procured by them:

S.No.	Inward Supplies	GST (₹)
(i)	Input used for the manufacture of the final product	72,000
(ii)	Food and beverages procured from sweet Caterers for being used in dealer's meet	48,000
(iii)	Goods used for providing services during warranty period	12,000
(iv)	Goods used for setting up telecommunication towers being immovable property	90,000
(v)	Inputs stolen from the factory store	13,200

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Input used for the manufacture of the final product **{Credit available as the goods are being used in the course or furtherance of business}**	72,000
Food and beverages procured from sweet caterers for being used in dealer's meet **{ITC is available in respect of food and beverages only where an inward supply of such goods is used for making a similar outward taxable supply. Hence, no ITC is available on food and beverages procured from sweet Caterers for being used in dealer's meet}**	Not Available
Goods used for providing services during warranty period **{Credit available as the goods are being used in the course or furtherance of business}**	12,000
Goods used for setting up telecommunication towers being immovable property **{Goods used by a person for construction of an immovable property on his own account shall be considered as ineligible inputs. Since telecommunication tower is an immovable property, no ITC shall be allowed in respect of goods used for setting it up}**	Not Available
Inputs stolen from the factory store {Goods lost, stolen, destroyed, written-off or disposed of by way of gift or free samples are considered as ineligible input and credit of GST paid on such goods cannot be taken}	Not Available
Total Input Tax Credit Available	84,000

Question 35

Determine the amount of input tax credit admissible to PQR Ltd in respect of the following goods procured by it:

S.No.	Inward Supplies	GST (₹)
1.	Goods used in constructing an additional floor of office building	28,800
2.	Packing materials used in a factory	6,000
3.	Goods destroyed due to natural calamities	12,500
4.	Goods used for repairing office building and cost of repairs is debited to P&L A/C	12,000
5.	Paper for photocopying machine used in administration office	950
6.	Goods given as gifts	25,000
7.	Inputs used for tests or quality control check	15,600

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
• Goods used in constructing an additional floor of office building {Goods used by a person for construction of an immovable property on his own account shall be considered as ineligible inputs. Hence, ITC shall not be available in respect of goods used in construction of an additional floor of office building}	Nil
• Packing materials used in a factory {Credit available as the goods are being used in the course or furtherance of business}	6,000
• Goods destroyed due to natural calamities {ITC shall not be available in respect of goods lost, stolen, destroyed, written-off or disposed of by way of gift or free samples}	Nil
• Goods used for repairing the office building and cost of repairs is debited to P&L A/c {Goods used for revenue repairs of an immovable property are considered as an eligible input and credit shall be allowed on the same}	12,000

• Paper for photocopying machine used in administration office {Credit available as the goods are being used in the course or furtherance of business}	950
• Goods given as gifts {ITC shall not be available in respect of goods lost, stolen, destroyed, written-off or disposed of by way of gift or free samples}	Nil
• Inputs used for tests or quality control check {credit available as the goods are being used in the course or furtherance of business}	15,600
Total Input Tax Credit Available	34,550

Question 36

Determine the amount of input tax credit admissible to P Ltd in respect of the following items procured by them:

S.No.	Inward Supplies	GST (₹)
1.	Goods supplied for captive consumption in a factory	9,800
2.	Goods purchased for repairing the factory shed and same has been capitalized in books	18,000
3.	Cement used for making foundation and structural support to P&M	14,000
4.	Inputs used in trial runs	14,560
5.	Food and beverages purchased for the employees during office hours	8,400

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Goods supplied for captive consumption in a factory **{Credit available as the goods are being used in the course or furtherance of business}**	9,800
Goods purchased for being used in repairing the factory shed and same has been capitalized {Goods used by a person for construction of an immovable property on his own account shall be considered as ineligible inputs. Construction includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property. Since the cost of repairs is capitalized in books, ITC on goods used shall not be allowed}	Nil
Cement used for making foundation and structural support to P&M **{ITC is admissible in respect of goods or services or both received by a taxable person for construction of plant or machinery. Hence, tax paid on cement shall be available for ITC}**	14,000
Inputs used in trial runs **{Credit available as the goods are being used in the course or furtherance of business}**	14,560
Food and beverages purchased for the employees during office hours **{ITC is available in respect of food and beverages only where an inward supply of such goods is used for making a similar outward taxable supply. Hence, no ITC is available on food & beverages for use of employees during office hours}**	Nil
Total Input Tax Credit Available	38,360

Question 37

Compute the input tax credit available with Ujjwal Motors Ltd, manufacturer of cars, in respect of the following services availed by it in the month of October 2022:

S.No.	Inward Supplies	GST (₹)
(i)	Accounting and auditing services	7,200
(ii)	Health insurance services for employees (services are not provided under government obligation)	16,200
(iii)	Routine maintenance of the cars manufactured by Ujjwal Motors Ltd	18,000
(iv)	Repair services for office building (cost of repairs is charged to P&L A/c)	14,400
(v)	Hotel accommodation and conveyance facility to employees on vacation	3,360
(vi)	Testing services availed for car engines	9,000

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Accounting and auditing services **{Credit available as the services are being used in the course or furtherance of business}**	7,200
Health insurance services for employees {Services not provided under government obligation} **{No input tax credit shall be available in respect of health insurance services availed for employees since the Government has not notified the said services as obligatory services to be provided to employees}**	Nil
Routine maintenance of the cars manufactured by Ujjwal Motors Ltd {Credit available as the services are being used in the course or furtherance of business}	18,000
Repair services for office building {Cost of repairs is charged to P&L A/C} {Services used for revenue repairs of immovable property are considered as an eligible input service and credit shall be allowed on the same}	14,400
Hotel accommodation and conveyance facility to employees on vacation {Credit is not available for services extended to employees on vacation}	Nil
Testing services availed for car engines {Credit available as the services are being used in the course or furtherance of business}	9,000
Total Input Tax Credit Available	48,600

Question 38

XYZ Ltd, engaged in supplying taxable goods, has availed the following services in September 2022. Compute the input tax credit admissible on such input services.

S.No.	Inward Supplies	GST (₹)
I.	Sales promotion services	16,200
2.	Health care services availed from Physique Club for upkeep of health of employees	10,800
3.	XYZ Ltd hired cab on rent for employees {Government has issued a notification for such service to be mandatorily provided to employees}	4,500
4.	Market research services	10,080
5.	Quality control services	18,000
6.	Work contract services for construction of office building	45,000

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Sales promotion services **{Credit available as the services are being used in the course or furtherance of business}**	16,200
Health care services availed from Physique Club for upkeep of health of employees **{Input tax credit is available in respect of food and beverages, outdoor beauty treatment, health services, cosmetic and plastics surgery only where an inward supply of such services is used by a registered person for making an outward taxable supply of similar services. Thus, no input tax credit shall be admissible on health care services provided to employees}**	Nil
XYZ Ltd hired cab on rent for employees {Government has issued a notification for such service to be mandatorily provided to employees} **{Since the government has notified cab services as obligatory services to be provided to employees, hence credit of tax paid on such services shall be allowed}**	4,500
Market research services **{Credit available as the services are being used in the course or furtherance of business}**	10,080
Quality control services **{Credit available as the services are being used in the course or furtherance of business}**	18,000
Work contract services for construction of office building {Not considered as eligible input service}	Nil
Total Input Tax Credit Available	48,780

Question 39

PQR Pvt Ltd, engaged in supplying taxable goods to its customers within the state, is not liable for registration u/s 22 of CGST Act. From 15-02-2024 onwards, it started inter-state supply of taxable goods. Hence, it applied for registration on 25-02-2024 and the same has been granted to it. Its CGST, SGST and IGST liability for the month of February 2024 is ₹19, 500, ₹ 19,500 and ₹ 40,500 respectively and

PQR Pvt Ltd has to make e-payment of tax on the due date, ie on 20-03-2024. PQR Pvt Ltd has provided the following details of stock of input held on 14-02-2024 and tax paid thereon.

Particulars	CGST (₹)	SGST (₹)
Input received on 10-01-2024 lying in stock (Invoice dated 11-01-2024)	3,600	3,600
Input received on 25-10-2023 lying in semi-finished stock (Invoice dated 26-10-2023)	7,500	7,500
Inputs received on 15-01-2024 contained in finished goods (Invoice dated 15-01-2024)	9,600	9,600

Briefly explain the tax payable by PQR Pvt Ltd in cash, if any. PQR Pvt Ltd has not opted for the provisions of composition scheme as prescribed u/s 10 of CGST Act.

Answer:

- As per Section 18 of CGST Act, a person applying for registration within 30 days from the date on which he becomes liable to registration shall be entitled to take credit of input tax in respect of inputs held in stock, or contained in semi-finished or finished goods in stock on the date immediately preceding the date from which he becomes liable to registration (ie, 14^{th} February 2024).
- However, a registered person shall not be entitled to take input tax credit in respect of any supply of goods or services or both after the expiry of I year from the date of issue of invoice relating to such supply.
- In view of the above provision, input tax credit available to PQR Pvt Ltd will be computed as follows:

Particulars	CGST (₹)	SGST (₹)
Input received on 10-01-2024 lying in stock as on 14-02-2024 (Invoice dated 11-01-2024)	3,600	3,600
Input received on 25-10-2023 lying in semi-finished stock as on 14-02-2024 (Invoice dated 26-10-2023)	7,500	7,500
Inputs received on 15-01-2024 contained in finished goods as on 14-02-2024 (Invoice dated 15-01-2024)	9,600	9,600
Total Eligibie Input Tax Credit	20,700	20,700

· Computation of Tax Payable In Cash By PQR Pvt Ltd For February 2024:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output Tax Liability for February 2024	19,500	19,500	40,500
Less: Eligible input tax credit available on inputs in respect of:	(19,500)	(19,500)	(1,200)
Output Tax Payable in Cash	Nil	Ni'	38,100

Question 40

B Ltd is not required to register under CGST Act but it wishes to obtain voluntary registration. So, it applied for voluntary registration on 18^{th} September 2023 and registration has been granted to it on 25^{th} September 2023. The CGST and SGST liability for the month of September 2023 is ₹ 21,000 each. B Ltd provides the following information of inputs held in stock on 24^{th} September 2023. It is not engaged in making inter-state outward taxable supplies.

Particulars	Amount (₹)
Input procured on 02-09-2023 lying in stock:	
- CGST @ 6%	4,500
- SGST @ 6%	4,500
Input received on 21-02-2023 contained in semi-finished goods held in stock:	
- CGST @ 6%	7,500
- SGST @ 6%	7,500
Inputs procured on 19-09-2022 contained in finished goods held in stock:	
- IGST @ 18% (Invoice issued on same day)	36,000
Inputs procured on 13-09-2023 lying in stock:	
- IGST @ 18%	9,000
Capital goods procured on 12-09-2023 lying in stock:	
- CGST @ 6%	12,000
-SGST @ 6%	12,000

You are required to determine the amount of tax to be paid in cash by B Ltd for September 2023.

Answer:

As per Section 18 of CGST Act, in case of a person obtaining voluntary registration, he shall be entitled to take credit of input tax in respect of inputs held in stock, or contained in semi-finished or finished goods in stock as on the date immediately preceding the date of grant of registration (ie, 24th September 2023).

· A registered person shall not be entitled to take input tax credit in respect of any supply of goods or services or both after the expiry of I year from the date of issue of tax invoice relating to such supply.

· In view of the above provision, eligible input tax credit available to B Ltd will be computed as follows:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Input procured on 02-09-2023 lying in stock	4,500	4,500	-
Input received on 21-02-2023 contained in semi-finished goods	7,500	7,500	-
Inputs procured on 19-09-2022 contained in finished goods	-	-	-
Inputs procured on 13-09-2.023 lying in stock	-	-	9,000
Capital goods procured on 12-09-2023 lying in stock **(There is no provision u/s 18 which allows availment of ITC on capital goods lying in stock by a person who obtains voluntary registration)**	-	-	-
Total Eligible Input Tax Credit	12,000	12,000	9,000

· Computation of Tax Payable In Cash By B'Ltd For September 2023:

Particulars	CGST (₹)	SGST (₹)
Output Tax Liability for September 2023	21,000	21,000
Less: Set-off of Eligible Input Tax Credit Available on Inputs:		
• CGST	(12,000)	(12,000)
• SGST	-	-
• IGST	(9,000)	-
CGST/SGST Payable in Cash	Nil	9,000

Question 41

ABC Traders, paying tax under composition scheme, crosses the applicable threshold and becomes liable to pay tax under regular scheme on 01-04-2023. Can it avail input tax credit and if so, calculate the amount of ITC available. The details of inputs lying in stock and capital good's in possession as on 31-03-2023 are given below:

Particulars	CGST (₹)	SGST (₹)
• Inputs lying in stock (Invoice dated 12-03-2023)	3,600	3,600
• Input lying in semi-finished goods in stock (Invoice dated 12-12-2022)	2,400	2,400
• Capital goods procured on 25-09-2022 (Invoice dated 25-09-2022)	7,200	7,200

Answer:

As per Section 18 of CGST Act, where any registered person ceases to pay tax u/s 10 of CGST Act, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods held on the day immediately preceding the date from which he becomes liable to pay tax.

· Further, credit can be claimed on such capital goods after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of invoice. "Quarter" shall mean a period comprising of three consecutive calendar months ending on the last day of March, June, September and December of a year.

· Input Tax Credit Available To ABC Traders in Respect of Inputs:

Particulars	CGST (₹)	SGST (₹)
Inputs lying in stock	3,600	3,600
Inputs lying in semi-finished goods in stock	2,400	2,400
Total input Tax Credit Available	6,000	6,000

· Input Tax Credit Available To ABC Traders In Respect of Capital Goods:

• Date of invoice of capital goods	**25-09-2022**
• Date from which ABC Traders became liable to pay tax	**01-04-2023**
• No of quarters from the date of invoice to the day immediately preceding the day on which ABC Traders became liable to pay tax	**3**

• CGST and SGST paid on capital goods procured on 25-09-2022	₹ 14,400
Total Credit (CGST and SGST) Available on Capital Goods ($₹14,400 - 15\%$)	₹12,240
CGST - ₹6,120; SGST - ₹6,120	

Question 42

M/s XYZ, a registered dealer, is engaged in supplying exempted goods to its customers. on 17-06-2023, the exemption notification was rescinded and goods were made liable to tax. M/s XYZ has to make e-payment of tax on the due date ie, on 20-07-2023. Determine the eligible credit for the month of June 2023 if the following information is provided:

Particulars	Value (Exclusive of CGST/SGST/IGST)	CGST @ 6%	SGST @ 6%	IGST @ 12%
Value of inputs lying in stock as on 16-06-2023. All inputs were procured after 01-03-2023	1,00,000	-	-	12,000
Value of inputs contained in semi-finished goods lying in stock as on 16-06-2023 but only inputs worth ₹ 85,000 in semi-finished goods were procured after 16-06-2022	1,35,000	8,100	8,100	-
inputs received on 31-01-2023 lying in finished goods in stock on 16-06-2023	1,55,000	9,300.	9,300	-
Capital goods procured on 10-12-2022 which are exclusively used in supplying exempted goods	8,00,000	-	-	96,000

Answer:

As per Section 18 of CGST Act, where any exempt supplies made by a registered person become taxable, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods held on the day immediately preceding the date from which he becomes liable to pay tax.

· Further, credit can be claimed on such capital goods after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of invoice. "Quarter" shall mean a period comprising of three consecutive calendar months ending on the last day of March, June, September and December of a year.

· Input Tax Credit Available To M/s XYZ In Respect of Inputs & Capital Goods:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)	Total Eligible Credit (₹)
ITC on the value of inputs lying in stock **{Since all inputs were acquired within I year prior to the effective date on which the goods became taxable, entire ITC would be allowed}**	-	-	12,000	12,000
ITC on the value of inputs contained in semi-finished goods **{Out of the total stock of ₹1,35,000, inputs amounting to ₹ 50,000 are older than 1 year from the effective date on which the goods became taxable. Therefore, ITC to this extent stands disallowed.** **ITC on inputs contained in stock of ₹ 85,000 would be eligible. Eligible credit each in respect of CGST and SGST $= ₹85,000 \cdot 6\% = ₹5,100$}**	5,100	5,100	-	10,200
ITC on value of inputs lying in stock of finished goods **{Since all inputs were acquired within I year prior to the effective date on which the goods became taxable, entire ITC would be allowed}**	9,300	9,300	-	18,600
Credit (IGST) available on capital goods (WN I)	-	-	81,600	81,600
Total Input Tax Credit Available	14,400	14,400	93,600	1,22,400

WN 1 - Credit Available In Respect of Capital Goods:

• Date of invoice of capital goods	10-12-2022
• Date from which the exempt goods became taxable	17-06-2023
• No of quarters or part thereof from the date of invoice to the day immediately preceding the day on which goods became taxable	3
• IGST paid on the capital goods used exclusively in relation to goods exempted	96,000

IGST Available on Capital Goods (₹96,000 − 15%)	81,600

Question 43

The goods manufactured by Royal Ltd have been exempted from GST with effect from 01-05-2023. Earlier these goods were liable to CGST and SGST @ 6% respectively. The inputs used in manufacturing these goods were also liable to CGST and SGST @ 6% respectively. Following information is available on 30-04-2023:

· Inputs costing ₹1,12,000 (inclusive of CGST & SGST) are lying in stock.

· Inputs costing ₹ 80,640 (inclusive of CGST & SGST) are held in process.

· Finished goods valuing ₹5,60,000 are in stock, the input cost (inclusive of CGST and SGST) is 50% of value.

• Input tax credit on capital goods lying in stock is ₹72,000. These goods were purchased on 1-8-2022.

· Balance in electronic credit ledger is ₹1,52,000.

Discuss input tax credit implications in the hands of Royal Ltd.

What would your answer be if the balance in electronic credit ledger as on 30-04-2023 is ₹1,00,000?

Answer:

Amount payable by Royal Ltd has been calculated below:

Particulars	Amt (₹)
- Tax on inputs lying in stock (₹1,12,000 ×12/1112)	12,000
• Tax on inputs held in process (₹80,640 × 12/112)	8,640
• Tax on inputs contained in finished goods lying in stock (₹5,60,000*50%*12/112)	30,000
• Proportionate tax on capital goods taking total life as 5 years (₹72,000*51/60) (Capital goods used for 9 months, thus remaining useful life shall be taken as 51 months)	61,200
Amount To Be Paid By Royal Ltd (CGST + SGST)	1,11,840

The aforesaid amount can be paid by utilizing the balance in electronic credit ledger. The remaining credit of ₹40,160 (₹1,52,000-₹1,11,840) in electronic credit ledger shall lapse.

If Balance in Electronic Credit Ledger Is ₹1,00,000: If the balance in electronic credit ledger as on 30-04-2023 is ₹1,00,000, then Royal Ltd will have to pay an amount of ₹11,840 (₹1,11,840-₹1,00,000) in cash.

Question 44

PQR Ltd, a registered person supplying taxable goods in Jaipur, has opted to pay tax as per composition scheme prescribed u/s 10 of CGST Act with effect from 28-02-2024. It provides the following information relating to balance of input tax credit lying as on 27-02-2024:

· Inputs lying in stock as such valued at ₹1,68,000 (inclusive of CGST & SGST @ 12%)

· Inputs contained in finished goods where tax invoice is not available relating to such inputs but it is known that market price of such inputs (inclusive of CGST & SGST @ 12%) on 28-02-2024 is ₹89,600.

· Input tax on capital goods purchased on 25-10-2023 is ₹72,000.

· Balance in electronic credit ledger is ₹1,10,000

Discuss input tax credit implications in the hands of PQR Ltd.

Answer:

Amount payable by PQR Ltd has been calculated below:

Particulars	Amt (₹)
• Tax on inputs lying in stock (₹1,68,000 ×12/112)	18,000
• Tax on inputs contained in finished goods lying in stock (₹89,600*12/112) (Where tax invoices related to inputs lying in stock are not available, reversals have to made on the basis of prevailing market price of goods on the date of opting for composition scheme)	9,600
• Proportionate tax on capital goods taking total life as 5 years (₹72,000*55/60) (Capital goods used for 4 months & 2 days, thus remaining useful life shall be taken as 55 months)	66,000
Amount To Be Paid By PQR Ltd (CGST + SGST)	93,600

The aforesaid amount can be paid by utilizing the balance in electronic credit ledger. The remaining credit of ₹ 16,400 (₹ l, 10,000 - ₹ 93,600) in electronic credit ledger shall lapse.

Question 45

XYZ Ltd, a supplier of goods, has purchased capital goods under the cover of an invoice dated 01-10-2022 for ₹4,13,000 (inclusive of CGST @ 9% and SGST @ 9%). After using the capital goods for business use, the same were supplied for ₹2,85,000 on 26-04-2023. Explain input tax credit treatment in this case.

Answer:

As per Section 18 of CGST Act, in case of supply of capital goods on which input tax credit has been taken, the registered person is required to pay higher of the following two amounts:

· Input tax credit taken on the said capital goods reduced by an amount calculated @ 5% for every quarter or part thereof from the date of issue of invoice of such goods; or

· Tax on transaction value of supply of such capital goods.

Computation of Amount of Tax Payable By XYZ Ltd:

• **CGST and SGST paid on purchase of capital goods (₹4,13,000*18/118)**	**63,000**
• **Date of invoice of purchase of capital goods**	**01-10-2022**
• **Date of supply of capital goods after being used**	**26-04-2023**
• **No of quarters or part thereof from the date of issue of invoice for such goods**	**3**
• **Proportionate Credit To Be Reversed (₹63,000-15%)**	53,550
• **Tax on Transaction Value of Supply of Such Capital Goods (₹2,85,000* 18%)**	51,300
Amount To Be Payable (Higher of Above Two Figures)	53,550

The aforesaid amount can be paid by utilizing the balance in electronic credit ledger. The remaining credit of ₹ 16,400 (₹1,10,000-₹93,600) in electronic credit ledger shall lapse.

Question 46

What would be your answer in Question 7 if the capital goods in question are refractory bricks which are removed as scrap at a transaction value of ₹ 25,000 on 09-03-2023?

Answer:

• As per Section 18 of CGST Act, where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, there shall be no requirement for reversal of input tax credit. The taxable person may pay tax on the transaction value of such goods determined u/s is of CGST Act.

· In the given case, refractory bricks are cleared as scrap. The manufacturer shall pay on amount equal to the tax leviable on transaction value {ie, CGST of ₹ 2,250 (+) SGST of ₹ 2,250}.

Question 47

R Ltd, a registered person engaged in supplying taxable goods, is being sold to XLtd, with specific provision for transfer of liability. The unutilized credit in respect of CGST and SGST is ₹ 48,000 and ₹ 48,000 respectively. Now × Ltd wants to utilize such credit remaining unutilized. Discuss its eligibility.

Answer:

• As per Section 18 of CGST Act, where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provision for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

• Therefore, × Ltd is entitled to utilize the unutilized credit on input and capital goods lying in accounts of RLtd, provided R Ltd furnishes details of such transaction on sale of business electronically on GST Common Portal with request to transfer unutilized tax credit to electronic credit ledger of × Ltd.

· A certificate of Chartered Accountant/Cost Accountant is to be furnished and the transfer details have to be accepted by the transferee.

Question 48

R Ltd, a registered manufacturer, demerged its entity into RX Cement Ltd and RY Steel Ltd. The total value of assets of R Ltd is ₹ 25,00,000 and unutilized credit on account of CGST SGST and IGST amounted to ₹ 60,000 ₹ 45,000 and ₹ 84,600 respectively. The value of assets of RX Cement Ltd and RY Steel Ltd is ₹12,00,000 and ₹13,00,000 respectively obtained as per the scheme. Discuss the eligibility of credit transferred to new units on account of demerger.

Answer:

• As per Section 18 of CGST Act, where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provision for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

• In case of demerger, input tax credit shall be apportioned in the ratio of value of assets of new unit as specified in demerger scheme. In the given case, credit transferred to both the new units would be:

Particulars	R Ltd (₹)	RX Cement Ltd (₹)	RY Steel Ltd (₹)
Value of assets	25,00,000	12,00,000	13,00,000
Unutilized credit to be apportioned in ratio of value of assets			
• **CGST**	60,000	28,800	31,200
• **SGST**	45,000	21,600	23,400
• **IGST**	84,600	40,608	43,992

Total Apportioned Credit	1,89,600	91,008	98,592

Question 49

SRI Petrol Pump is a licensed petrol pump of M/s 10C Corporation and engaged in the sale of petrol, diesel and 'Mobil' engine oil. During the month of October 2023, total sales and purchases of M/s SRI Petrol Pump are as follows:

Item	Sale Value (₹)	Purchase Value (₹)
Petrol	7,00,000	5,00,000
Diesel	15,00,000	16,00,000
Mobil	3,00,000	2,00,000

All the figures above are exclusive of GST and rate of GST is 9% CGST and 9% SGST on applicable items.

other information:

1) Every month M/s 10C Corporation charges license fees from SRI Petrol Pump for grant of license and the same is charged based on total quantity of sale of all the products. During the month of October 2023, the amount of license fees charged by 10 C corporation was ₹ 1,00,000 plus CGST & SGST @ 9% each.

2) Administrative expenses incurred by SRI Petrol Pump was ₹ 50,000 on which CGST & SGST @ 6% each were paid.

You are required to calculate the amount of taxable supply under GST, available input tax credit and net liability of SRI Petrol Pump for the month of October 2023. Kindly provide appropriate reason wherever necessary.

Answer:

Computation of Value of Taxable Supply And Net GST Liability of SRI Petrol Pump {0ctober 2023}:

Particulars		Amount (₹)
Supply of petrol & diesel {Levy of GST on petrol and diesel has been deferred and thus, being not leviable to tax, the supply of the same is exempt supply}		Nil
Supply of Mobil		3,00,000
Value of Taxable Supply		3,00,000
Particulars	**CGST (₹)**	**SGST (₹)**
Total output tax liability (₹ $3,00,000 \times 9\%$)	27,000	27,000
Less: Input Tax Credit (Refer Working Note below)	(19,440)	(19,440)
Net GST Liability Payable In Cash	7,560	7,560

Working Note - Computation of ITC Available With SRI Petrol Pump:

Supply Under GST	Amount (₹)	CGST (₹)	SGST (₹)
Inward supply of petrol & diesel **{Being exempt supply, no GST is payable thereon and hence, no ITC}**	21,00,000	-	-
Inward supply of Mobil	2,00,000	18,000	18,000
License fees @ 9%	1,00,000	9,000	9,000
Administrative expenses @ 6% **{Being used in the course or furtherance of business, ITC is available}**	50,000	3,000	3,000
Less: Ineligible ITC attributable to exempt supply {License fee and administrative expenses are used for making both taxable supply of Mobil and exempt supply of petrol and diesel, hence ITC attributable to exempt supply will be reversed as under} **Ineligible ITC ={Common ITC × Exempt Supply}/Aggregate turnover** **Common ITC =₹9,000+₹3,000=₹12,000** **Exempt Supply =₹7L+₹15L=₹22L** **Aggregate Turnover =₹7L+₹1SL+₹3L=₹2SL** **Ineligible ITC =(12,000×22L)/25L=₹10,560**		(10,560)	(10,560)
Eligible ITC		19,440	19,440

Question 50

Briefly explain the provisions relating to reversal of ITC in case of non-payment of tax by the supplier and re-availment thereof.

Answer:

Every registered person (ie, recipient of goods/services) shall be entitled to avail the credit of eligible input tax, as self-assessed, in his GSTR-

3B and such amount shall be credited to his Electronic Credit Ledger.

Reversal of ITC Availed In Case of Default In Furnishing GSTR-3B By Supplier:

· A registered person can avail ITC in GSTR-3B for a tax period in respect of such invoice/debit note, the details of which have been furnished by its supplier in the statement of outward supplies (in Form GSTR-1/using IFF).

· However, if supplier does not furnish return in Form GSTR-3B for the tax period corresponding to the said statement of outward supplies till 30^{th} september following the end of FY in which the ITC in respect of such invoice/debit note has been availed, the said amount of ITC shall be reversed by the said recipient, while furnishing a return in Form GSTR-3B on or before 30^{th} November following the end of such FY during which such ITC has been availed.

· However, where the said amount of ITC is not so reversed by the recipient, such amount shall be payable by the said recipient along with interest thereon u/s 50.

Re-Availment of Reversed ITC: Where the said supplier subsequently furnishes the return in GSTR-3B for the said tax period and discharges his tax liability, the said recipient may re-avail the amount of credit reversed by him earlier.

Question 51

As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12^{th} February 2024. Registration certificate has been granted by the Department on 24^{th} February 2024. Vishnu limited is not engaged in making inter-state outward taxable supplies. The CGST and SGST liability for the month of February 2024' is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23^{rd} February 2024:

S.No.	Particulars	Amount (₹)
(i)	Capital goods procured on 5^{th} February 2024 (Rate of CGST and SGST @ 6% each) being intra-state supply	2,00,000
(ii)	Inputs contained in finished goods stock held were procured on 13^{th} February 2023 (Rate of 1GST @ 18%) being inter-state supply	3,00,000
(iii)	Value of inputs received on 10^{th} October 2023 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-state supply	2,50,000
(iv)	Inputs procured on 1^{st} February 20241 lying in stock of semi-finished goods (Rate of CGST and SGST @ 7.5% each) being intra-state supply	1,50,000
(v)	Inputs procured on 8^{th} February 2024 lying in stock of finished goods (Rate of 1GST @ 18%) being inter-state supply	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2024.

Answer:

Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, ie on 23.02.2024, only within I year from the date of issue of tax invoice by the supplier.

Computation of Eligible ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Capital goods (Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration)	Nil	Nil	Nil
Inputs procured on 13^{th} February 2023 (ITC not available because the invoice date is prior to 23^{rd} February 2023)	Nil	Nil	Nil
Inputs procured on 10^{th} October 2023	15,000	15,000	Nil
Inputs procured on 1^{st} February 2024	11,250	11,250	Nil
Inputs procured on 8^{th} February 2024	Nil	Nil	10,800
- Value of Taxable Supplies	26.250	26,250	10,800

Computation of Minimum Net GST To Be Paid In Cash By Vishnu Limited For The Month of February 2024:

Particulars	CGST (₹)	SGST (₹)
Output tax liability for the month	31,000	31,000
Less: ITC {1GST credit is utilized first for payment of CGST & SGST liability in equal proportion.	(5,400) (IGST)	(5,400) (IGST)
CGST & SGST credit is utilized for payment of CGST liability & SGST liability respectively. 3	(25,600) (CGST)	(25,600) (SGST)
Net GST Payable In Cash	Nil	Nil

Question 52

H Traders, a dealer in furniture, located in Maharashtra, receives an order from R Traders, also located in Maharashtra. The order is for the supply of 50 tables, with an instruction to ship the tables to P Hardwares, located in Kolkata. P Hardwares is a customer of R Traders. There are two parts to this transaction:

- **First part of the transaction – between H Traders and R Traders:**

H Traders is the supplier of tables, and R Traders is the buyer. Accordingly, H Traders bills the transaction to R Traders, and as per the instruction, ships the goods to P Hardwares in Kolkata. ITC is available to the R Traders though goods were not received by it.

- **The second part of the transaction – between R Traders and P Hardwares:**

R Traders is the supplier, and P Hardwares is the buyer. R Traders bills the transaction to P Hardwares.

Question 53

Mr. Vikram acquired a laptop of ₹ 1,00,000 + GST @ 18% [i.e., 9% CGST and 9% SGST] for his professional use from X Ltd.

ITC of ₹ 9,000 each in CGST and SGST is not available to Vikram if X Ltd fails to pay GST to the Government. X Ltd. may discharge his liability by following way:

a. by utilizing balance of ITC available with X Ltd.

b. by paying amount to the credit of the Government

c. by any combination of aforesaid way

Question 54

Mr Akhil registered person provides the following information for the month of March 2025:

Particulars	Amount
Input tax credit in respect of inward supply	₹ 2,00,000
Taxable supply (Excluding zero rated supply)	₹ 10,00,000
Export i.e., zero-rated supply	₹ 5,00,000
Exempt supplies	₹ 3,00,000
Inward supplies on which he is liable to pay tax on reverse charge basis	₹ 2,00,000

In this case computation of ITC available to Mr. Akhil are as under:

Particulars		Amount
Taxable supply (Excluding zero rated supply)		₹ 10,00,000
Export i.e., zero-rated supply		₹ 5,00,000
Exempt supplies		₹ 3,00,000
Inward supplies on which he is liable to pay tax on reverse charge basis		₹ 2,00,000
Total Supply	A	₹ 20,00,000
Total Supply Out of this taxable supply including zero rated supplies [₹10,00,000 + ₹5,00,000]	B	₹ 15,00,000
Input tax credit in respect of inward supply	C	₹ 2,00,000
ITC available [C × B/A] for the month of March 2025		**₹ 1,50,000**

Question 55

P Ltd. a registered manufacturer of Jaipur entered in a contract with a supplier for supply of Input 'Z' in October, 2024. As per contract it was agreed that 10,000 kgs of Input 'Z' will be supplied for ₹ 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of Input 'Z'. Following further information has been provided regarding supply of Input received in subsequent lots. Briefly explain whether P Ltd. eligible to take credit on proportionate basis.

Input 'X' (in lots)	Quantity in Kgs	Date of Receipt of Supply
First Lot	2,500	19-10-2024
Second lot	3,000	21-10-2024
Third Lot	1,500	12-11-2024
Fourth Lot	3,000	01-12-2024

Answer:

No, P Ltd. is not eligible to take credit on proportionate basis. As per first proviso to sec. 16(2), where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment. Therefore, in the given case Input 'Z' has been received in lots hence, the credit of tax of ₹ 78,000 i.e. (₹ 7,28,000 x 12 ÷ 112) paid on such input shall be taken by P

Ltd. only after receipt of fourth lot i.e., 01-12-2024.

Question 56

Compute the Input tax credit available with MS Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2024:

Sl. No.	Particulars	Amount
1.	Accounting and Auditing Services	17,200
2.	Health insurance services for employees (Services are not provided under Government obligation)	6,200
3.	Routine maintenance of the cars manufactured by MS Motors Ltd.	28,000
4.	Repair services for office building (Cost of repairs is charged to Profit & loss Account)	28,400
5.	Hotel accommodation and conveyance facility to employees on vacation	13,360
6.	Testing services availed for car engines	19,000

Answer:

Computation of Input tax credit available with MS Motors Ltd

Sl. No.	Particulars	Amount
1.	Accounting and Auditing Services	17,200
2.	Health insurance services for employees (Services are not provided under Government obligation)	Nil
3.	Routine maintenance of the cars manufactured by MS Motors Ltd.	28,000
4.	Repair services for office building (Cost of repairs is charged to Profit & loss Account)	28,400
5.	Hotel accommodation and conveyance facility to employees on vacation	Nil
6.	Testing services availed for car engines	19,000
	Total credit available	**92,600**

Note: Item 2 and 5 are covered under sec. 17(5) i.e., block credit hence credit is not available.

Question 57

Compute the amount of Input tax credit admissible to Sonam Ltd. in respect of various inputs purchased during the month of September, 2024.

Particulars	₹
Goods purchased without invoice	75,000
Goods purchased from Akhil Ltd. (Full Payment is made by Sonam Ltd. to Akhil Ltd. against such supply but tax has not been deposited by Akhil Ltd.)	2,20,000
Purchases of goods not to be used for business purposes	38,000
Purchases of goods from Komal Ltd. (Invoice of Komal Ltd. is received in month of September 2024, but goods were received in month of October 2024)	44,000
Goods purchased against valid invoice from Vikram Ltd. Sonam Ltd. has made payment to Vikram Ltd. for such purchases in the month of October 2024	38,000

Answer:

Computation of Input tax credit available with Sonam Ltd. for the month of Sept 2024:

Particulars	Note	₹
Goods purchased without invoice	As document are not available	Nil
Goods purchased from Akhil Ltd. (Full Payment is made by Sonam Ltd. to Akhil Ltd. against such supply but tax has not been deposited by Akhil Ltd.)	As tax is not paid by Akhil Ltd	Nil
Purchases of goods not to be used for business purposes	Non business purpose	Nil
Purchases of goods from Komal Ltd. (Invoice of Komal Ltd. is received in month of September 2024, but goods were received in month of October 2024)	Good yet not received	Nil
Goods purchased against valid invoice from Vikram Ltd. Sonam Ltd. has made payment to Vikram Ltd. for such purchases in the month of October 2024		38,000

Total credit available for the month of Sept 2024		**38,000**

Question 58

W Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2025:

Particulars	GST Paid (₹)
Purchase of Machinery where debit note is issued	2,15,000
Input purchased was directly delivered to Mr. X, a job worker and a registered supplier	1,00,000
Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	5,000
Works Contract services availed for construction of Staff quarters within the company premises	2,25,000

Determine the amount of ITC available to the company for the month of January 2025. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of ITC available to the company for the month of Jan 2025:

Particulars	₹
Purchase of Machinery where debit note is issued	2,15,000
Input purchased was directly delivered to Mr. X, a job worker and a registered supplier	1,00,000
Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	-
Works Contract services availed for construction of Staff quarters within the company premises [Block credit u/s 17(5)]	-
Available ITC for the month of Jan 2025	**3,15,000**

Question 59

X Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2024:

Particulars	GST Paid (₹)
Purchase of cabs used for the transportation of its employees	1,00,000
Inputs consisting of four lots, out of which second lot was received during the month	2,25,000
Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 50,000)	2,50,000
Outdoor catering service availed on Women's day	72,000

Determine the amount of input tax credit available with M/s X Private Limited for the month of September, 2024. All the conditions necessary for availing the input tax credit have been fulfilled.

Answer:

Computation of ITC available to the company for the month of Sept 2024:

Particulars	₹
Purchase of cabs used for the transportation of its employees [Block credit u/s 17(5)]	-
Inputs consisting of four lots, out of which second lot was received during the month [available on receipt of last lot]	-
Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Documents are not available for ₹ 50,000]	2,00,000
Outdoor catering service availed on Women's day	-
ITC available	**2,00,000**

Question 60

BA Pvt. Ltd. Purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2024 on which it paid GST @ 18% and availed the ITC. On 05-03-2025, it sold the machinery for ₹ 8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for BA Pvt. Ltd. To follow under CGST Act, 2017?

Answer:

Where capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:

a. ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods; or

b. tax on transaction value.

Accordingly, the amount payable on supply of machinery by BA Pvt. Ltd. shall be computed as follows:

Particulars	₹
ITC taken on acquisition of such machine [₹ 10,00,000 × 18%]	1,80,000
Time gap in quarters between date of purchase and outward supply of such machine	3 quarters
Total reduction in tax paid [5% for each quarter × 3 quarter]	15%
Amount of reduction in tax paid [₹ 1,80,000 × 15%]	27,000
Amount of GST to be Paid [being higher of the following]	
a. ₹ 1,80,000 – ₹ 27,000	1,53,000
b. GST on transaction value [₹ 8,00,000 × 18%]	1,44,000
Hence, liability of GST is	**1,53,000**

Question 61

M/s. VMA, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2024 :

Particulars	₹
Inter-state supply of goods	2,00,000
Intra-state supply of 1000 packets of detergent @ ₹ 400 each alongwith a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	
Supply of online educational journals to M/s XYZ, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply	1,00,000
M/s. VMA has also received the following inward supplies:	
Inter-state supply of goods (out of which invoice for goods worth ₹ 40,000 is missing and no other tax paying document is available)	1,40,000
Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	1,00,000
Details of opening balances of ITC as on 1-4-2024 are as follows:	
- CGST	10,000
- SGST	10,000
- IGST	80,000

Following additional information is provided :

- **a.** Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
- **b.** All figures mentioned above are exclusive of taxes.
- **c.** All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. VMA for the month of April, 2024.

Answer:

Computation of available ITC :

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Opening balance	80,000	10,000	10,000
ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 x 18%]	18,000	-	-
ITC on Repairing of bus [₹ 1,00,000 × 9%]	-	9,000	9,000
Available ITC	**98,000**	**19,000**	**19,000**

Computation of tax payable on outward supplies :

Sl. No.	Particulars	Taxable Value	CGST @ 9%	SGST @ 9%	IGST @ 18%
(i)	Inter-State supply of goods	2,00,000	-	-	36,000
(ii)	Intra-state mixed supply	4,00,000	56,000	56,000	-

(iii)	Intra-State supply of services	1,00,000	9,000	9,000	-
	Total		**65,000**	**65,000**	**36,000**

Computation of GST payable in cash :

Particulars	**CGST @ 9%**	**SGST @ 9%**	**IGST @ 18%**
Total GST payable	65,000	65,000	36,000
***Less :* ITC-IGST**	(31,000)	(31,000)	(36,000)
***Less :* ITC-CGST / SGST**	(19,000)	(19,000)	-
GST payable in cash	**15,000**	**15,000**	**-**

Note: Balance credit of IGST may be first utilized in the discharging CGST of ₹ 46,000. In that case, SGST of ₹ 30,000 would be payable.



CHAPTER 9 PAYMENT OF TAX

Question 1

Examine the authority vested under CGST Act, 2017 for preventing a registered person from utilising the input tax credit availed in a fraudulent manner?

Answer:

Every registered person, shall avail the input tax credit through a return filed u/s 39 of CGST Act, 2017. ITC availed shall be credited to Electronic Credit Ledger u/s 41 of CGST Act, 2017. Where the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, has reasons to believe that ITC available in Electronic Credit Ledger has been fraudulently availed or is ineligible, he may prohibit use of ITC for discharge of any liability u/s 49 or for claim of any refund of any unutilised amount.

Question 2

Mr A has deposited a sum of Rs 30,000 under minor head of 'Interest' column for the major head 'IGST'. At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of Rs 30,000. When approached with the Jurisdictional Tax Officer, Mr A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head 'Interest'. Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law.

Answer:

Provisions of Section 49 of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head (ie, tax, interest, penalty, fees or others) to any of the heads under IGST/CGST/ SGST/UTGST and make the payment of the taxes there upon. Accordingly, Mr A need not deposit the tax amount under head 'Tax' and claim a refund for the remittance of amount deposited under head 'interest'. Instead of using Form GST PMT-09, such amount can be transferred suo-moto on the common portal from 'Interest' to 'Tax' head and tax liability be paid.

Question 3

M/s PPC Ltd has availed input tax credit for Rs 54,000 IGST during February 2022 on a particular purchase. Accounting records for the above purchase indicate that IGST paid to the supplier is Rs 45,000 as per the bill received. GSTR-1 uploaded by the supplier for the above supply indicates Rs 45,000 as tax paid. Examine as per GST provisions, what value shall be updated in the ledgers maintained on behalf of M/s PPC Ltd on the common portal.

Answer:

M/s PPC Ltd have accounted and paid Rs 45,000 as IGST to the supplier concerned. However, availment of input tax credit has been made for Rs 54,000. As per section 49(2) of CGST Act, 2017, the input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger. Accordingly, Electronic Credit Ledger of M/s PPC Ltd shall be updated with a value of Rs 54,000 as per self-assessed return to be filed for February 2022, though the input tax credit shown by the supplier is only for Rs 45,000.

Question 4

How many types of electronic ledger/register are there?

Answer:

- Electronic Cash Ledger
- Electronic Credit Ledger
- Electronic Liability Register

Question 5

M/s ABC & Co have defaulted in filing return u/s 39 of CGST Act, 2017 (ie, GSTR-3B) for March 2022 within the specified due date. Reason for such delay is attributable to delay in closure of books for March 2022, which have been finalised during May 2022. The GST Common Portal prompted for payment of late fees payable u/s 47 of CGST Act, 2017 for a sum of Rs 2,000 under CGST and SGST each. Accountant of M/s ABC & Co sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger for the late fees. Give your guidance in this regard.

Answer:

Section 49 of the CGST Act, 2017 provides that the amount available in the Electronic Cash Ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner. Further, Section 49 also provides that the amount available in the Electronic Credit Ledger may be used for making any payment towards output tax in the prescribed manner.

Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through Electronic Cash Ledger and not possible

through Electronic Credit Ledger. Thus, contention of the accountant of M/s ABC & CO is not correct and the above amount shown on the Common Portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

Question 6

What are the main features of GST payment process?

Answer:

The main features of GST payment process are as follows:

· Electronically generated challan from Common Portal in all modes of payment and no use of manually prepared challan

· Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax

· Convenience of making payment online

· Realtime data for tax collection in electronic format

· Faster remittance of tax revenue to the Government Account

· Paperless transactions

· Speedy accounting and reporting

· Electronic reconciliation of all receipts

· Simplified procedure for banks

· Warehousing of digital challan

Question 7

Are principles of unjust enrichment applicable for payment made under GST?

Answer:

Yes, as per section 49 of the CGST Act, 2017 every person who has paid the tax on goods or services or both shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

Question 8

State the name of output tax under GST, where any of the input tax credit under GST can be availed?

Answer:

IGST {IGST, CGST, SGST, UTGST, ie all input tax credit can be availed against output tax liability known as IGST).

Question 9

Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September 2022 and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the Electronic Cash Ledger. Further, advise him with regard to following issues:

(a) Are manual challans allowed under GST?

(b) What is the validity period of the challan?

(c) Is cross utilization among major and minor heads of the Electronic Cash Ledger permitted?

Answer:

As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in Electronic Cash Ledger can be made through any of the following modes, namely:

· Internet banking through authorised banks;

· Credit Card/Debit Card through the authorised bank;

· National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank; or

· Over The Counter (OTC) payment through authorised banks for deposits up to Rs 10,000 per challan per tax period, by cash, cheque or demand draft.

Thus, offline mode is also permitted under GST subject to specified conditions.

(a) Manual or physical challans are not allowed under the GST regime. It is mandatory to generate challans online on the GST Portal.

(b) Challan is valid for a period of 15 days.

(c) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the Electronic Cash Ledger under the CGST Act, 2017 to the Electronic Cash Ledger for Integrated Tax, Central Tax, State Tax or Union Territory Tax/Cess.

Question 10

Suhasini is a registered software consultant. on account of her ill health, she could not provide any services during October. However, she had to incur all the expenses relating to her office. She paid Rs 75,000 to various vendors. The total input tax involved on the goods and services procured by her is Rs 13,500. Out of the total bills paid by her, one bill for Rs 15,000 relates to security services availed

for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is Rs 2,700. Suhasini is of the opinion that for the month of October, no GST is payable from Electronic Cash Ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services. Do you think Suhasini is right? Explain with reasons.

Answer:

The amount available in the Electronic Credit Ledger may be used for making any payment towards output tax.

Output tax in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis.

Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through Electronic Cash Ledger and not Electronic Credit Ledger. Thus, Suhasini is wrong and she will need to pay the GST of Rs 2,700 on security service through Electronic Cash Ledger.

Question 11

Mr Manik provides the following information regarding his tax & other liabilities under GST Act as per Electronic Liability Register:

S.No.	Particulars	Amount (₹)	S.No.	Particulars	Amount (₹)
1.	Tax due for the month of May	25,000	4.	Tax due for the month of June	35,000
2.	Interest due for the month of May	2,000	5.	Liability arising out of demand notice u/s 73	48,000
3.	Penalty due for the month of May	3,000			

Mr Manik wants to clear his liability of demand notice u/s 73 first. Discuss the provisions of order of discharge of GST liability u/s 49(8) of CGST Act & advice to Mr Manik.

Answer

A chronological sequence has been prescribed u/s49 (8) of the CGST Act in which the liability of a taxable person has to be discharged. Such sequence needs to be followed mandatorily.

· Self-assessed tax and other dues for the previous tax periods have to be discharged first;

· Self-assessed tax and other dues for the current period have to be discharged next; and

· Liability arising out of demand notice and adjudication proceedings comes last.

In light of the above stated law, the amounts specified in the question need to be paid in the following chronological order:

· Tax, interest and penalty dues for the month of May amounting to ₹ 30,000 need to be discharged first.

· Tax due for the month of June amounting to ₹ 35,000 needs to be discharged next.

· Liability arising out of demand notice amounting to ₹ 48,000 needs to be discharged last.

Question 12

Mr Atul of Chennai is a registered dealer under GST. He has an opening balance of input tax credit of ₹ $1,20,000$ (IGST) lying in the electronic credit ledger relating to the month of November 2023. During the month, a legal proceeding has been initiated under the GST law which resulted in a tax liability of ₹ 80,000 (IGST, other than RCM liability). Mr Atul agrees with the tax liability and wants to use the balance lying in the electronic credit ledger towards payment of same.

He seeks your opinion with regard to the provisions of GST laws as to whether he is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability, payable as a consequence of the proceeding?

Answer

· As per section 49, the amount available in the electronic credit ledger may be used for making any payment towards output tax, subject to the provisions relating to the order of utilisation of ITC as laid down u/s 49.

· Further, output tax in relation to a taxable person is defined as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism. Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

· Therefore, Mr Atul is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability payable as a consequence of legal proceeding.

Question 13

GSTR-3B for the month of January 2024 has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th, 2024. It came to the notice of the company that tax due for the month of January 2024 has been paid short by ₹$16,000$. The shortfall of ₹$16,000$ has been paid through cash Ledger and Credit Ledger at the time of filing GSTR-3B for the month of February 2024 on March 20^{th}, 2024 in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	₹ 12,000	₹ 4,000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

(i) You are required to calculate the amount of interest payable if any u/s 50 of the CGST Act.

(ii) Give the effect if GSTR-3B for the month of January 2024 had been filed belatedly on March 20,2024 and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same.

Answer

Interest is payable in case of delayed payment of tax @ 18% p.a. from the date following the due date of payment to the actual date of payment of tax.

Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

(i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 29 days $\{21.02.2024 - 20.03.2024$ (both inclusive)$\}$. Interest $= ₹16{,}000 \times 18\% \times 29/366 = ₹228$ (rounded off)

(ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, ie on 20.03.2024, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days. Interest $= ₹12{,}000 \times 18\% \times 29/366 = ₹171$ (rounded off)

Question 14

Amount of Input Tax Credit available and output liability under different tax heads

Head	Output Liability	Input Tax Credit
Integrated tax	1000	1300
Central tax	300	200
State tax / Union territory tax	300	200
Total	**1600**	**1700**

Option 1:

Input Tax credit on account of	Discharge of output liability on account of Integrated tax	Discharge of output liability on account of Central tax	Discharge of output liability on account of State tax/ Union territory tax	Balance of Input Tax Credit
Integrated tax	1000	200	100	0
Input tax Credit on account of Integrated tax has been completely exhausted				
Central tax	0	100	-	100
State tax / Union territory tax	0	-	200	0
Total	**1000**	**300**	**300**	**100**

Option 2:

Input tax credit on account of	Discharge of output liability on account of Integrated tax	Discharge of output liability on account of Central tax	Discharge of output liability on account of State tax / Union territory tax	Balance of Input Tax Credit
Integrated tax	1000	100	200	0
Input tax Credit on account of Integrated tax has been completely exhausted				
Central tax	0	200	-	0
State tax / Union territory tax	0	-	100	100
Total	**1000**	**300**	**300**	**100**

Question 15

A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that liability, based on the outward and inward supplies, for January was Rs. 40/- and for February it was Rs. 42/-. No interest would be payable for the lesser amount of tax (i.e. Rs. 5 and Rs. 7 respectively) discharged in these two months provided that he discharges his entire liability for the quarter in the FORM GSTR-3B of the quarter by the due date.

Question 16

A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that total liability for the quarter net of available credit was Rs. 125 but he files the return on 30th April. Interest would be payable at applicable rate on Rs. 55 [Rs. 125 - Rs. 70 (deposit made in cash ledger in M1 and M2)] for the period between due date of quarterly GSTR-3B and 30th April.

Question 17

From the following details, show the utilization of ITC in an optimum way :

Nature of Tax	Tax liability	ITC available
IGST	100	150 (a)
CGST	100	175 (b)
SGST	100	150 (c)

Answer:

Statement showing utilization of ITC :

Nature of tax	Tax liability	Option 1	Option 2	Option 3 (Wrong way)
		Paid through ITC	Paid through ITC	Paid through ITC
IGST	100	100 (a)	100 (a)	100 (a)
CGST	100	50 (a) 50 (b)	100 (b)	100 (b)
SGST	100	100 (c)	50 (a) 50 (c)	100 (c)

- Option 1, ITC on account of CGST ₹ 125 and SGST ₹ 50 shall be carried forward
- Option 2, ITC on account of CGST ₹ 75 and SGST ₹ 100 shall be carried forward
- Option 3, ITC on account of IGST ₹ 50, CGST ₹ 75 and SGST ₹ 50 shall be carried forward.

Option 3 is wrong way to utilize ITC. In this case, ITC on account of IGST is not fully exhausted before utilizing any other ITC.

Question 18

From the following information, compute the Net GST payable for the month of March, 2024 :

	Output GST	Opening ITC as per credit ledger
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

Answer:

Computation of net GST liability :

Particulars	IGST	CGST	SGST
Opening balance of ITC	37,000	-	1,000
***Less :* Output GST Payable**	24,000	2,000	15,000
Balance ITC / (Payable)	**13,000**	**(2,000)**	**(14,000)**
Adjustment of ITC of IGST	13,000	2,000	11,000
Balance Payable	**-**	**-**	**3,000**

It is to be noted that before adjusting ITC on account of CGST/SGST, ITC of IGST should be exhausted.

Question 19

Kunal Ltd., a registered supplier of Kanpur is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2025 are as follows :

Sl.N0.	Particulars	₹
(i)	Inter-State	85,00,000
(ii)	Intra-State	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 2025 are as follows :

Sl.No.	Particulars	CGST paid (₹)	SGST paid (₹)

(i)	Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2025)	80,000	80,000
(ii)	Raw material B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the Kunal Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	40,000	40,000
(iv)	Insurance charges paid for trucks used for transportation of goods	55,000	55,000

Additional Information :

a. There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.

b. Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2025, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2B of Kunal Ltd. in January, 2025.

Compute the following :

a. Amount of eligible input tax credit (ITC) available for the month of January, 2025.

b. Minimum net GST payable in cash, for the month of January, 2025 after using available input tax credit.

Answer:

Computation of eligible ITC :

Particulars	CGST (₹)	SGST (₹)
Raw material A (as not reflected in GSTR-2B)	-	-
Raw material B (as 90% material is received)	45,000	45,000
Construction of pipelines laid outside the factory premises (Block Credit)	-	-
Insurance charges paid for trucks used for transportation of goods	55,000	55,000
Eligible ITC	**1,00,000**	**1,00,000**

Computation of tax payable on outward supplies :

Sl.No.	Particulars	Taxable Value	CGST @ 9%	SGST @ 9%	IGST @ 18%
(i)	Inter-State	85,00,000	-	-	15,30,000
(ii)	Intra-State	15,00,000	1,35,000	1,35,000	-
	Total		**1,35,000**	**1,35,000**	**15,30,000**

Computation of GST payable in cash :

Particulars	CGST @ 9%	SGST @ 9%	IGST @ 18%
Total GST payable	1,35,000	1,35,000	15,30,000
***Less :* ITC**	1,00,000	1,00,000	-
GST payable in cash	**35,000**	**35,000**	**15,30,000**



CHAPTER 10 PLACE OF SUPPLY

Question 1

A person from Mumbai goes to Kullu-Manali and takes some services from ICICI Bank in Manali. What is the place of supply?

Answer:

The place of supply in case of banking services to any person shall be the location of the recipient of services on the records of the supplier of services. However, if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services, ie Kullu-Manali, Himachal Pradesh [Section 12(12)].

Question 2

An unregistered person from Gurugram travels by Air India flight from Mumbai to Delhi and gets his travel insurance done in Mumbai. What is the place of supply of insurance services?

Answer:

When insurance service is provided to an unregistered person, the location of the recipient of services on the records of the supplier of insurance services is the place of supply. So, Gurugram is the place of supply [Section 12(13)].

Question 3

Examine the following independent cases and determine the place of supply:

(i) Mr Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra.

(ii) Mr Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two-way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6^{th} September and back. He leaves Prayagraj on 11^{th} September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15^{th} September in a late night flight and lands in Prayagraj the next day.

(iii) Rimjhim Pvt Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd, located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand.

Answer

(i) The place of supply of services by way of transportation of goods by courier provided to an unregistered person is the location at which such goods are handed over for their transportation. Therefore, the place of supply, in the given case is Kolkata, West Bengal.

(ii) The place of supply of passenger transportation service to an unregistered person is the place where the passenger embarks on the conveyance for a continuous journey wherein the return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time.

Therefore, the place of supply for the outward and return journey are the locations where Mr Nitin embarked on the conveyance for the continuous journey, ie Prayagraj, Uttar Pradesh for outward journey and Jaipur, Rajasthan, for return journey.

(iii) If the supply involves goods which are to be installed at site, the place of supply is the place of such installation. Therefore, the place of supply, in the given case is Haridwar, Uttarakhand.

Question 4

Part (i) - 2 Marks: Garima having its permanent residence in Bhavnagar, Gujarat purchased car from Kiara Motors of Jaipur, Rajasthan to take the advantage of lower registration charges and road tax. Garima took the delivery of the car from Jaipur and returned with car to her residence in Bhavnagar, Gujarat. Address of Garima recorded in the invoice issued by Kiara Motors mentions only the name of the state, ie Gujarat. Garima is an unregistered person whereas Kiara Motors is a registered person under GST. Determine the place of supply for supply made by Kiara Motors to Garima.

Part (ii) - 3 Marks: Aakar Advertisement Agency, a registered person in Nagpur, Maharashtra, wants to display the products of its clients at most prominent places in different states. It took on rights to use the space on hoardings mounted on fixed surface attached to earth, situated in Udaipur, Rajasthan and in Gwalior, Madhya Pradesh from G.N. Enterprise registered in state of Chhattisgarh. Aakar Advertisement Agency has exclusive right to use the space and also to manage the advertisements on the hoardings. What will be the place of supply of services provided by the G.N. Enterprise to the Aakar Advertisement Agency?

Answer

Part (i): As per section 10(1)(ca) of the IGST Act, 2017, in case of supply of goods to unregistered persons where the address of the unregistered person is recorded in the invoice, the place of supply shall be the location as per the address of unregistered person recorded in the invoice. In such situations, simply mentioning the state of unregistered person instead of complete address would be sufficient.

In the present case, goods have been supplied by Kiara Motors (a registered supplier of Jaipur, Rajasthan) to Garima (an unregistered customer having permanent residence in Bhavnagar, Gujarat). Since the transaction is B2C supply, the place of supply shall be Gujarat, ie

the State of unregistered person recorded in the invoice.

Part (ii): The arrangement between G.N. Enterprise (a person registered in Chattisgarh) and Aakar Advertisement Agency (a person registered in Nagpur, Maharashtra) involves supply/sale of space on hoardings mounted on fixed surface attached to earth for display of advertisements. Further, Aakar Advertisement Agency has exclusive right to use the space and also to manage the advertisements on the hoardings.

The hoardings mounted on fixed surface attached to earth should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply/sale of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3) of the IGST Act.

Therefore, the place of supply of service, in the present case, shall be the location where such hoarding is located, ie Udaipur, Rajasthan and Gwalior, Madhya Pradesh. Further, since the hoarding is located in more than one State/UT, the service is deemed to have been supplied in each of the respective States/UTs, in proportion to the value for the services determined in terms of the contract or agreement entered into in this regard and in the absence of a contract or agreement, as per Rule 4 of the IGST Rules.

Question 5

Quick Deal Enterprises (a registered dealer based in Ahmedabad, Gujarat) opens a new branch office at Hissar, Haryana. It purchases a building for office from Ruhani Builders (Hissar) along with pre-installed office furniture and fixtures (price for furniture and fixtures negotiated and paid for separately). Determine place of supply of the pre-installed office furniture and fixtures.

Answer:

Section 10(1)(c) of the IGST Act, 2017, stipulates that if the supply does not involve movement of goods, the place of supply is the location of goods at the time of delivery to the recipient. Since there is no movement of office furniture and fixtures in the given case, the place of supply of such goods is their location at the time of delivery to the recipient, ie Quick Deal Enterprises - Hissar, Haryana.

Question 6

Asha Enterprises (a supplier of sewing machines) is located in Kota (Rajasthan) and registered for the purposes of GST in the said State. It receives an order from Deep Traders, located in Jalandhar (Punjab) and registered for purpose of GST in the said State. The order is for the supply of 100 sewing machines, with an instruction to ship the sewing machines to Jyoti Sons, located in Patiala (Punjab) and registered in the said State for the purposes of GST. Jyoti Sons is a customer of Deep Traders. Sewing machines are shipped in a lorry by Asha Enterprises. Briefly explain the following:

(a) Place of supply under IGST Act, 2017;

(b) The nature of supply - whether inter-state or intra-state; and

(c) Whether CGST/SGST or IGST as would be applicable in this case.

Answer:

Particulars	Supply 1	Supply 2
Supplier	Asha Enterprises, Kota (Rajasthan)	Deep Traders, Jalandhar (Punjab)
Recipient	Deep Traders, Jalandhar (Punjab)	Jyoti Sons, Patiala (Punjab)
Place of Supply	Sec10(1)(b) of IGST Act - POS shall be location of the principal place of business of the billing party and not the actual recipient of goods. Thus, PoS shall be principal place of business of Deep Traders located in Jalandhar (Punjab). Thus, for this supply, place of supply shall be Punjab.	Sec10(1)(a) of IGST Act - POS shall be location of goods at the time of termination of movement of goods at time of delivery of goods to the recipient {Jyoti Sons - Patiala (Punjab)}. Thus, for this supply, place of supply shall be Punjab.
Nature of Supply	Inter-State Supply: Location of supplier (Rajasthan) and place of supply (Punjab) are in two different states and therefore, the supply qualifies as interstate supply in terms of section 7 of IGST Act.	Intra-State Supply: Location of supplier (Punjab) and place of supply (Punjab) are in same state and therefore, the supply qualifies as intra-state supply in terms of section 8 of IGST Act.
GST	IGST	CGST and SGST

Question 7

Raman Row, a registered supplier under GST in Mumbai, is directed by Nero Enterprises, Kolkata to deliver goods valued at ₹ 12,00,000 to Fabricana of Aurangabad in Maharashtra. Raman Row makes out an invoice at 9% tax rate under CGST and SGST respectively (scheduled rate) and delivers it locally in Maharashtra.

Discuss and comment on the above levy of tax and determine the tax liability of goods in the above circumstances.

Answer:

• The supply between Raman Row (Mumbai) and Nero Enterprises (Kolkata) is a bill to-ship to supply where the goods are delivered by the supplier [Raman Row (Mumbai)] to a recipient [Fabricana (Aurangabad)] on the direction of a third person [Nero Enterprises (Kolkata)]. In such a case, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person vide section 10(1)(b) of IGST Act, 2017.

· Accordingly, the place of supply between Raman Row (Mumbai) and Nero Enterprises (Kolkata) will be Kolkata and thus, it will be an inter-state supply liable to IGST. Hence, Raman Row should charge 18% IGST on ₹ 12,00,000, which comes out to ₹ 2,16,000.

Consequences of Wrong Categorization of Supply: Raman Row has made wrong categorization of his supply - he has categorized his supply as intra-state supply though it is actually an inter-state supply. This has resulted into payment of CGST and SGST which were not payable.

Now, IGST liability needs to be discharged and the tax already paid in the form of CGST & SGST needs to be claimed as refund. However, interest shall not be payable on non-payment of IGST in terms of Section 19 of IGST Act.

Question 8

What shall be the place of supply in the following cases?

(i) Mr X (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), at Jaipur during the journey.

(ii) Mr W, an unregistered person, purchases coffee and snacks on board an Airjet Mumbai-New Delhi flight. The food items were loaded into the airciaft at Mumbai.

(iii) MS P (New Delhi) boards a New Delhi-Kolkata flight to attend a business meeting at Kolkata. She buys food items in the flight. The food items were loaded into the aircraft at New Delhi. The Airlines is registered in New Delhi and Kolkata.

(iv) Ms S, an unregistered person, (New Delhi) is travelling from New Delhi to Kanpur, Uttar Pradesh in a train. The train starts at New Delhi and stops at three stations before reaching Kanpur. The food items were loaded into the train at Aligarh (Uttar Pradesh) - 2nd Station. Ms 5 buys food items/goods on board the train.

Answer:

(i) As per Section 10(1)(e) of the IGST Act, 2017, the place of supply of goods is the location at which the goods are taken on board ie, New Delhi and not Jaipur where they have been sold.

(ii) As per section 10(1) (e) of the IGST Act, 2017, the place of supply of goods by Airjet to Mr ω is the location at which the good's are taken on board ie, Mumbai.

(iii) As per section 10(1)(e) of the IGST Act, 2017, the place of supply of food items by the airlines to Ms P is the location at which the goods are taken on board ie, New Delhi. It is irrelevant whether the buyer is registered or unregistered.

(iv) As per section 10(1)(e) of the IGST Act, 2017, the place of supply is the location at which the goods are taken on board ie, Aligarh. The location at which MS S boards the train is irrelevant.

Question 9

X is an architect. He heads one of the leading architecture and design practices in the country with offices in Chennai and Mudurai. He has GST registration from Tamil Nadu (he does not have GST registration in any other State/ Union Territory). He has prepared building plans for y Ltd for its factory situated in Nagpur. Building plans are prepared by the team of x from Chennai office. Construction work is completed by y Ltd under the supervision of x (only on a few occasions, x has visited Nagpur). Consultancy fee charged by X is ₹30 lakhs + GST.

What is the place of supply in this case? Determine the amount of GST (assume that GST rate is 18%).

Answer:

As per section 12(3) of the IGST Act, 2017, in respect of services directly relating to an immovable property, the place of supply of services shall be the location of the immovable property in India. Thus, the place of supply of services in this case is the location of immovable property, ie, Nagpur.

· Location of Supplier - Chennai (Tamil Nadu)

· Place of Supply - Nagpur (Maharashtra)

· Nature of Supply - Since the location of the supplier and place of supply are in two different States, the supply qualifies to be an inter-state supply and shall attract levy of IGST. The IGST liability shall be of ₹ 5,40,000 (30,00,000 × 18%).

Question 10

Determine the place of supply in independent cases as under:

(1) A company in Pune contracts with a Pune based architect to design a structure for their new office to be located in Bangalore.

(2) Mr A of Jaipur entered into a lease agreement with Mr B of Jaipur whereby he leased out his farm in Nagpur to Mr B.

(3) Mr A, an employee of ABC Ltd Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the name of his company.

(4) Mr X of Mumbai arranged for destination wedding of his son at Pushkar (Rajasthan). He booked a resort at Pushkar for the accommodation of his guests and also for performing the marriage ceremony. Apart from providing the resort for the marriage purpose, decoration was also provided.

(5) ABC Ltd of Mumbai, hires a professional firm of Interior Decorators in Delhi to design its office in Canada.

Answer:

The place of supply of services shall be determined as under:

	Case	Place of Supply	Reasons
1.	A company in Pune contacts with a Pune based architect to design a structure for their new office in Bangalore.	Bangalore	Though the supplier of service and the recipient are both located in Pune, place of supply would be the place where the immovable property is located ie Bangalore as per Section 12(3) of IGST Act, 2017.

2.	Mr A of Jaipur entered into a lease agreement with Mr B of Jaipur whereby he leased out his farm in Nagpur to Mr B.	Nagpur	Though the supplier and the recipient are both in Jaipur, Rajasthan but any service provided by way of grant of rights to use immovable property is covered
			U/s 12(3) of the IGST Act, 2017, therefore the place of supply shall be the location of the immovable property, here being Nagpur.
3.	Mr A an employee of ABC Ltd Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the same of his company.	Hyderabad	This being the accommodation service, is covered $\frac{u}{s}$ 12(3) of the IGST Act, 2017, accordingly, the place of supply shall be the location of the immovable property (ie Hyderabad). The location of the supplier and the receiver is irrelevant.
4.	Mr X of Mumbai arranged for destination wedding of his son at Pushkar (Rajasthan). He booked a resort at Pushkar for the accommodation of his guests and also performing the marriage ceremony. Apart from providing the resort for the marriage purpose, decoration was also provided.	Pushkar (Rajasthan) (For both the supplies, ie accommodation at resort & decoration)	The place of supply of service for accommodation provided for organising the marriage is governed by section 12(3) of the IGST Act, 2017, hence, the place of supply shall be the place of location of the resort. The provision of service of decorator, being ancillary to the services of organising the marriage is covered by section 12(3) of the IGST Act, 2017, hence, the place of supply shall be the place of location of the immovable property.
5.	ABC Ltd of Mumbai, hires a professional firm of interior decorators in Delhi to design its office in Canada.	Mumbai	Since the immovable property is intended to be located outside India, therefore, as per section 12(3) of the IGST Act, 2017, the place of supply shall be the location of the recipient of service, ie Mumbai.

Question 11

Swamy Ltd of Chennai acquires the business of SA Ltd at Johansberg, South Africa. Swamy Ltd entered into a contract with M/s Krish & Krish Architects, Chennai to do the interiors of the building of new business at South Africa. The Central Tax department issued a notice demanding GST based on the place of supply of service provisions. Discuss briefly the applicability of the place of supply of service to M/s Krish & Krish as the work to be done is outside the taxable territory.

Answer:

As per section 12(3) of the IGST Act, 2017, in respect of services directly relating to an immovable property, the place of supply of services shall be the location of the immovable property in India. However, if immovable property is located outside India, then place of supply of service shall the location of the recipient in India. Thus, the place of supply of services in this case is the location of immovable property, ie, Tamil Nadu.

· Location Of Supplier - Chennai (Tamil Nadu)

· Place of Supply - Chennai (Tamil Nadu)

· Nature of Supply - Since the location of the supplier and place of supply are in same state, the supply qualifies to be an intra-state supply and shall attract levy of CGST & SGST.

Thus, in given situation, demand by tax officer is valid and sustainable.

Question 12

X Ltd (a registered person located in Hyderabad) hires Mr Y (who is located in Chennai) for appraisal performance of senior employees of their company. Mr Y visits Hyderabad to evaluate the performance of the senior employees.

(a) Find the place of supply of service.

(b) What would be the place of supply of service if some of the selected employees and relevant papers are sent to Chennai for evaluation where × Ltd is unregistered person?

Answer:

(a) As per section 12(5) of the IGST Act, 2017, in respect of training and performance appraisal services to registered recipient, the place of supply of services shall be the location of such person. Thus, the place of supply of services in this case is location of Mr X ie, Hyderabad (Telangana).

(b) As per Section 12(5) of the IGST Act, 2017, in respect of training and performance appraisal services to unregistered recipient, the place of supply of services shall be the place of performance of such service. Thus, the place of supply of services in this case is place of performance ie, Chennai (Tamil Nadu).

Question 13

Princeton Academy (P) Ltd is a leader in executive education and corporate training. It is located in Mumbai. It organises a corporate training programme on transfer Pricing at JW Marriott, Mumbai. From the list of participants, a few names are given below:

· Employees of A Ltd, Delhi [X and Y (from tax department) attended the training programme].

· Employees of B Airways Ltd, Bengaluru (Z, P, Q and R attended the training programme).

· C, an individual (he is a research scholar).

A Ltd is a registered GST dealer in Delhi. Likewise, B Airways Ltd is a registered GST dealer in Bengaluru. X, Y, Z, P, Q, R and C are not registered

under GST. What is the place of supply?

Answer:

As per section 12(S) of the IGST Act, 2017, in respect of training and perform ance appraisal services to registered recipient, the place of supply of services shall be the location of the registered recipient. However, in respect of training and performance appraisal services to unregistered recipient, the place of supply of services shall be the place of performance of such services. Keeping in mind the above provisions, the place of supply of services will be as follows:

· Employee of A Ltd: A Ltd is a registered GST dealer in Delhi. Place of supply shall be the location of recipient (ie, Delhi).

· Employees Of B Airways Ltd: B Airways Ltd is a registered GST dealer in Bengaluru. Place of supply of services will be the location of recipient (ie, Bengaluru).

· C, Individual Research Scholar: C is not registered under GST. Service is actually performed in Mumbai. Place of supply of service will be Mumbai.

Question 14

Determine the place of supply for the following independent cases:

(I) Festival Event, an event management company at Mumbai, organises two business promotion events for Prabhu Enterprises (Registered in Ahmedabad, Gujarat) at New Delhi and in Malaysia.

(II) Global Planners (Jodhpur, Rajasthan) is hired by Mr John (unregistered person based in Kochi, Kerala) to plan and organize his son's wedding at Mumbai, Maharashtra. Will you answer be different if the wedding is to take place in Singapore?

Answer:

(I) In the case before us, following shall be noted:

· Location of supplier (Festival Event) = India (Supplied is registered in Mumbai)

· Location of Recipient (Prabhu Enterprises) = India (Recipient is registered in Ahmedabad/Gujarat)

· Description of Service = Event Management Service (ie, Organisation of an event)

As per section 12(7) of IGST Act, where event management service is supplied to a registered person, then place of supply shall be the location of the recipient. In case of B2B supplies, the location of event is not relevant. Thus, in the given case, PoS shall be Ahmedabad/Gujarat which is the location of the recipient.

(II) In the case before us, following shall be noted:

· Location of Supplier (Global Planner) = India (Supplied is registered in Rajasthan)

· Location of Recipient (Mr John) = India (Recipient is unregistered, but resident of Kochi, Kerala)

· Description of Service = Event Management Service (ie, Organisation of an event)

As per Section 12(7) of IGST Act, where event management service is supplied to an unregistered person, then place of supply shall be location of the event. However, if event is located at a place outside India, then PoS shall be the location of the recipient. Thus, in given case, for wedding event at Mumbai (Maharashtra), PoS shall be Mumbai, Maharashtra. However, if the wedding takes place in Singapore (ie, a place outside India), the PoS shall be the location of the recipient, ie Kochi (Kerala).

Question 15

Musicera Pvt Ltd, owned by Nitish Daani - a famous classical singer - wishes to organise a 'Nitish Daani Music Concert' in Gurugram (Haryana). Musicera Pvt Ltd (registered in Ludhiana, Punjab) enters into a contract with an event management company, Supriya (P) Ltd, (registered in Delhi) for organising the said music concert at an agreed consideration of ₹ $10,00,000$. Supriya (P) Ltd books the lawns of Hotel Dumdum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ₹ $4,00,000$. Musicera Pvt Ltd fixes the entry fee to the music concert at ₹ 5,000. 400 tickets for 'Nitish Daani Music Concert' are sold.

You are required to determine the CGST and SGST or IGST liability, as the case may be, in respect of the supply(ies) involved in the given scenario.

Will your answer be different if the price per ticket is fixed at ₹450 ?

Note: Rate of CGST & SGST is 9% each and IGST is 18%. All amounts given above are exclusive of taxes, wherever applicable.

Answer:

Transaction	Supplier Recipient	B2B/ B2C	Applicable Provisions	Applicable GST
Services Provided By Musicera Pvt Ltd To Audiences By Way of - Admission Tó Music Concert	s = Musicera Pvt Ltd (Ludhiana, Punjab) R = Audiences	B2C	Sec 12(6) of IGST Act, 2017: The place of supply of services provided by way of admission to a cultural event shall be the place where the event is actually held. Thus, POS = Hotel Dumdum (Gurugram, Haryana)	IGST (as supplier in Punjab and place of supply is Haryana) consideration (400 tickets @ ₹ 5,000 per ticket) = ₹ 20 L IGST = ₹$20\ \text{L} \times 18\% =$ ₹$3,60,000$
Services Provided By Supriya (P) Ltd To Musicera Pvt Ltd By Way of Organising The Music Concert	S = Supriya (P) Ltd (Delhi) R = Musicera Pvt Ltd (Ludhiana, Punjab)	B2B	Sec 12(7) of IGST Act, 2017: The place of supply of services provided by way of organisation of a cultural event to a registered person is the location of such registered recipient.	IGST (as supplier in Delhi and place of supply is Punjab) Consideration for supply = ₹$10\ \text{L}$ IGST = ₹$10\ \text{L} \times 18\% =$ ₹$1,80,000$

			Thus, POS = Location of recipient (Punjab)	
Services Provided By Hotel Dumdum To Supriya (P) Ltd By Way of Accommodation In The Hotel Lawns For Organising The Music Concert	S = Hotel Dumdum (Gurugram), Haryana) R = Supriya (P) Ltd (Delhi)	B2B	Sec 12(3) of IGST Act 2017: The place of supply of. services by way of accommodation in any immovable property for organising any cultural functional shall be the location at which the immovable property is located. Thus, POS = Hotel Dumdum (Gurugram, Haryana)	CGST & SGST (as supplier in Haryana and place of supply is also Haryana) Consideration for supply = ₹4 L CGST @ 9% = ₹36,000 SGST @ 9% = ₹36,000

If the price for the entry ticket is fixed at ₹450, answer will change in respect of supply of service provided by way of admission to music concert, as mentioned in point (i) above. There will be no IGST liability if the consideration for the ticket is ₹ 450 as services by way of right to admission to, inter alia, musical performance is exempt from GST if the consideration for right to admission to the event is not more than ₹ 500 per person. However, there will be no change in the answer in respect of supplies mentioned in point (ii) and (iii) above.

Question 16

Airways registered under GST and located in Mumbai operates flight from Mumbai-Delhi-Mumbai. Mr TYN who is unregistered person, purchase air ticket for Mumbai-Delhi-Mumbai. Only one ticket is issued to him showing both the route. Find the place of supply of service.

Answer:

As per Section 12(9) of the IGST Act, 2017, in respect of passenger transportation services to unregistered person, the place of supply of service for forward journey shall be the place where passenger embarks on the conveyance for a continuous journey. However, the return journey shall be treated as a separate journey. Thus, the place of supply of services in this case is place of embarkation, ie Mumbai (Maharashtra). For return journey, the place of supply shall be place of embarkation, ie Delhi.

Question 17

M/s Kingsize Airlines has issued a ticket/pass to Mr Saxena for travelling to anywhere in India. Determine the place of supply in this case.

Answer:

As per section 12(9) of the IGST Act, 2017, the place of supply of passenger transportation service to a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey. In the above case, the place of embarkation will not be available at the time of issue of invoice as the right to passage is for future use. Accordingly, place of supply cannot be the place of embarkation.

Where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the default rule shall apply ie, the place of supply of service made to any person other than a registered person shall be the location of the recipient where the address on records exists and the location of the supplier of services in other cases.

Question 18

In terms of Section 12 of IGST Act, what is the place of supply in the following cases:

(i) Mr × (Kolkata) gets a landline phone installed at his home from skybel Ltd.

(ii) Mry (Mumbai) gets a DTH installed at his home from RT Ltd.

(iii) MrD (Mumbai) takes a post-paid mobile connection in Mumbai from skybel Ltd.

(iv) Mr E (New Delhi) gets his post-paid bill paid online from Goa.

(v) Mr C (Pune) purchases a pre-paid card from a selling agent in Mumbai.

(vi) Mr F (Puducherry) gets a pre-paid number orecharged from a telecom company owned store in Chennai.

Answer:

(i) The place of supply will be the location where the telecommunication line is installed, ie Kolkata.

(ii) The place of supply will be the location where the DTH is installed, ie Mumbai.

(iii) The place of supply will be the location of billing address of the recipient, ie Mumbai.

(iv) Where the payment is being made for a post-paid bill through electronic mode, the place of supply shall be the location of the recipient in the records of the supplier, ie New Delhi.

(v) The place of supply is the address of the selling agent or re-seller, ie Mumbai.

(vi) The place of supply is the location where such pre-payment is received, ie Chennai.

Question 19

Mr D has a permanent resident at Ahmedabad. He has a savings bank account with Ahmedabad Branch of Dena Bank. on 1st April 2023, Mr D opened a safe deposit locker with the Ahmedabad Branch of Dena Bank. Mr D went to New Zealand for official work in May 2023 and has been residing there since then. Mr D contends that since is a non-resident during FY 2023-24 in terms of the Income Tax Act, 1961, GST cannot be levied on the locker fee charged by Dena Bank for FY 202324. Examine the correctness of the contention of Mr D.

Answer:

The contention of Mr D is not correct. Under GST law, the taxability of any service depends upon the provisions of Section 9 of the CGST Act, 2017/Section 5 of the IGST Act, 2017 and not in terms of Income Tax Act, 1961. The factor that Mr D is a non-resident is irrelevant for determining the taxability of services received by him.

As per section 12(12), the place of supply of banking and other financial services including stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services. In this case as the location of recipient as per the records of banking company is in Ahmedabad, the place of supply of service would be Ahmedabad and accordingly leviable to GST. Since the location of supplier is Ahmedabad and place of supply is also Ahmedabad, it is an intra-state supply.

Question 20

Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank. With reference to GST law, determine the place of supply with reason.

Answer:

Section 12(12) of the IGST Act, 2017 provides that the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services.

In the present case, since the location of recipient (ie, Miss Kanika) is not available in the records of the supplier (ie, the bank), the place of supply shall be the location of the supplier of services, ie Jodhpur, Rajasthan.

Question 21

Mr Harsha being a registered stock-broker at BSE, located in Mumbai. He has clients in Chennai, Kolkata, and Bengaluru. He purchases and sells shares of clients located in Chennai, Kolkata and Bengaluru. Find the place of supply of service and GST liability?

Answer:

As per Section 12(12) of the IGST Act, 2017, in respect of stock broking services to registered person, the place of supply of service shall be the location of recipient of service on the records of supplier of service. Thus, the place of supply service in this case is the location of recipient of service, ie Chennai, Kolkata & Bengaluru respectively.

· Location of Supplier - Mumbai (Maharashtra)

· Place of Supply - Different Locations (Chennai, Kolkata & Bengaluru)

· Nature of Supply - Since the location of the supplier and place of supply are in two different States in each of the three supplies, the supply qualifies to be an inter-state supply and shall attract levy of IGST.

Question 22

A Ltd is engaged in fertilizer manufacturing in Karnataka. It has GST registration from Karnataka (A Ltd does not have registration in any other State/Union Territory). X is head of finance department of the company. X goes to Mumbai to attend a 3 day conference on international finance organised by IIM-Ahmedabad at Nariman Point, Mumbai. For this purpose, he incurs the following expenditure-

1. Bengaluru-Mumbai air ticket (paid to Air Vistara, Karnataka): ₹$26{,}000 + \text{GST}$

2. Conference participation fee (paid to IIM-Ahmedabad, at the time of registration in Mumbai): ₹$1{,}50{,}000 + \text{GST}$

3. Hotel expenditure (paid to Taj Hotels, Mumbai): ₹$60{,}000 + \text{GST}$

4. Mumbai-Bengaluru air ticket (paid to Air India, Mumbai): ₹$32{,}000 + \text{G5T}$

These expenses are paid by cheque by A Ltd. Recipient of supply is A Ltd (GSTIN of A Ltd is given on tax invoices). What is the place of supply in these cases?

Answer:

1. Bengaluru-Mumbai Air Ticket: This service is pertaining to transportation of passengers. It is covered u/s 12(9) of IGST Act. If the recipient is a registered person, place of supply of service is the location of recipient of service. A Ltd is registered in Karnataka. Place of supply of service is in Karnataka. Location of supplier is in Karnataka. Consequently, it is intra-state supply.

2. Conference Participation: Training services are covered u/s 12(5) of IGST Act. If the recipient is a registered person, place of supply of service is the location of recipient of service. A Ltd is registered in Karnataka. Place of supply of service is in Karnataka. Location of supplier is in Ahmedabad, Gujarat. Thus, it is inter-state supply.

3. Lodging Accommodation By Taj Hotels: it is covered by Section 12(3) of IGST Act. Place of supply of service is the location of hotel building (ie, Mumbai). Location of supplier is in Mumbai. It is, therefore, intra-state supply.

4. Mumbai-Bengaluru Air Ticket: As discussed in I above, place of supply of service is in Karnataka. Location of supplier is in Mumbai. Consequently, it is inter-state supply.

Question 23

Determine the place of supply along with reasons in the following cases:

(i) Mr A (a Chartered Accountant registered in Kolkata) supplies services to his client in Bhubaneswar (registered in Bhubaneswar, Odisha).

(ii) Mr X registered in Guwahati, has availed land-line services from BSNL. The telephone is installed in residential premises in Kolkata and the billing address is office of Mr X in Guwahati.

(iii) Mr X residing in Chennai is travelling with an Indian Airline aircraft and is provided with movie-on-demand service for ₹100 as on board entertainment during Delhi-Chennai leg of a Bangkok-Delhi-Chennai flight.

(iv) Mr × of Kolkata purchased online tickets for Aquatica water park in Mumbai.

(v) Mr X, an unregistered person of Kolkata sends a courier from New Delhi to his friend in Chennai, Tamil Nadu while he was on trip to New Delhi.

(vi) Mr X, a registered person in Ranchi, Jharkhand buys shares from a broker in Patna on NSE, Mumbai. Determine the place of supply of brokerage service.

Answer:

(i) As per Section 12(2) of the IGST Act, 2017, the place of supply of services shall be the location of the recipient of service as supply is to be registered recipient. Thus, the place of supply of services in this case is the location of recipient of services ie, Bhubaneswar, Odisha.

(ii) As per section 12(11) of the IGST Act, 2017, the place of supply of services shall be the location where the telecommunication line is installed. Thus, the place of supply of services in this case is location where the telecommunication line is installed ie, Kolkata (West Bengal).

(iii) As per section 12(10) of the IGST Act, 2017, in respect of services provided on board a conveyance during the course of a passenger transportation, including service intended to be wholly or substantially consumed while on board, shall be the first scheduled point of departure of that conveyance for the journey. Thus, the place of supply of services in this case is the first scheduled point of departure of that conveyance for the journey ie, Bangkok.

(iv) As per section 12(6) of the IGST Act, 2017, the place of supply of services shall be the place where the park is located. Thus, the place of supply of services in this case is the location of park ie, Mumbai.

(v) As per Section 12(8) of the IGST Act, 2017, in respect of transportation of goods, including by mail or courier to a unregistered person, the place of supply of services in this case shall be the location where the goods are handed over for transportation. Thus, the place of supply of service in this case shall be New Delhi.

(vi) As per Section 12(12) of the IGST Act, 2017, in respect of Banking & Financial Service including stock broking services to registered person, the place of supply of service shall be the location of recipient of services on the records of the supplier of services. Thus, the place of supply of service in this case is location of Mr X, ie Ranchi (Jharkhand).

Question 24

1. A Ltd. of Vadodara, Gujarat supplies steel structures to Mahmud Rehman of Bangladesh. The goods were transported through land customs station in West Bengal and consigned to Dhaka. In this case, the **place of supply is Bangladesh** and accordingly IGST would be charged on such supply.
2. T Ltd. of Nasik supplies dying chemicals to L Ltd. of Mumbai but on the directions of L Ltd. Consigns the goods directly to its customer Rama Co. in Sri Lanka. In this case, [for the first leg of transaction as between T Ltd. and L Ltd., **place of supply is Maharashtra** being a principal place of business of L Ltd. However, for the second leg of transaction as between L Ltd. and Rama Co., the **place of supply is Sri Lanka** being the location outside India.
3. A Ltd. Located in Jaipur imported goods from G Inc. of Germany and the goods entered India through Chennai Port and finally transported to Jaipur. In this case, the **place of supply is Rajasthan** being the location of the importer.

Question 25

Mr. X is civil contractor is located in different States in India providing services to Mr. Y for his factories and offices located around the world. Determine the place of supply and the nature of GST payable in the following cases:

Location of supplier	Location of receiver of services	Location of immovable properties
(1) Delhi	Punjab	Orissa
(2) Haryana	Punjab	West Bengal
(3) Delhi	Uttar Pradesh	Italy
(4) Delhi	Rajasthan	Delhi
(5) Delhi	France	Canada

Answer:

Place of Supply	Nature of GST
(1) Orissa	IGST
(2) West Bengal	IGST
(3) Uttar Pradesh (Location of the recipient of services)	IGST
(4) Delhi	CGST & Delhi GST
(5) France (Location of the recipient of services)	Zero rated supply as it is export of services

Question 26

Mr. X based in Ahmedabad, solicits the services of an event management company based in New Delhi, for a business conference at

a palace in Udaipur.

In this case, if Mr. X is registered, the place of supply would be Ahmedabad (Gujarat) and IGST would be charged, but if he is unregistered the place of supply would be Udaipur (Rajasthan) and IGST would be charged.



CHAPTER 11 REGISTRATION

Question 1

Determine the effective date of registration in following cases:

(a) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakhs on 1^{st} September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25^{th} September.

(b) Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakhs on 25^{th} October. It submits the application for registration on 27^{th} November. Registration certificate is granted to it on 5^{th} December.

Answer:

(a) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit (₹40 lakhs in this case) in a financial year. Since in the given case, the turnover of Dhampur Industries exceeded ₹40 lakhs on 1^{st} September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration. Therefore, the effective date of registration is 1^{st} September.

(b) Since in the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit (₹ 20 lakhs in this case) on 25^{th} October, it becomes liable to registration on said date.

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5^{th} December.

Question 2

In order to be eligible for grant of registration, a person must have a Permanent Account Number (PAN) issued under the Income Tax Act, 1961. State one exception to it.

Answer:

A Permanent Account Number is mandatory to be eligible for grant of registration. One exception to this is a NRTP (non-resident taxable person). A non-resident taxable person may be granted registration on the basis of other prescribed documents instead of PAN. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian resident having valid PAN and application will be submitted in a different prescribed form.

Question 3

State which of the following suppliers are liable to be registered:

(a) Agent supplying taxable goods on behalf of some other taxable person and its aggregate turnover does not exceed the applicable threshold limit during the financial year.

(b) An agriculturist who is only engaged in supply of produce out of cultivation of land and its aggregate turnover exceeds the applicable threshold limit during the financial year.

Answer:

(a) Section 22 stipulates that every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit in a financial year. However, as per section 24, a person making taxable supply of goods/services or both on behalf of other taxable persons whether as an agent or not is liable to be compulsorily registered even if its aggregate turnover does not exceed the applicable threshold limit during the financial year.

(b) As per section 23, an agriculturist who is only engaged in supply of produce out of cultivation of land is not required to obtain registration even if his turnover exceeded the applicable threshold limit for registration.

Question 4

Pure Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Pure Oils is not yet registered.

Particulars	Amount (in ₹)
Supply of machine oils in Delhi	15,00,000
Supply of high-speed diesel in Delhi	10,00,000
Supply of machine oil made by Pure Oils from its branch located in Punjab	10,00,000

The amounts given above are excluding GST. Determine whether Pure Oils is liable for registration.

Answer:

As per Section 22, a supplier is liable to be registered in the State/Union Territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-state taxable supplies of goods is as under:

· ₹ 10 lakhs for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

· ₹ 20 lakhs for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.

· ₹ 40 lakhs for the rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, pan masala and tobacco and manufactured tobacco substitutes.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods & services is as under:

· ₹10 lakhs for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

· ₹ 20 lakhs for the rest of India.

As per section 2(6), aggregate turnover includes the aggregate value of:

· all taxable supplies,

· all exempt supplies,

· exports of goods and/or services and

· all inter-state supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes Central Tax, State Tax, Union Territory Tax, Integrated Tax and Cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

section 9(2) provides that CGST is not leviable on five petroleum products (ie, petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel). As per section 2(47), exempt supply includes non-taxable supply. Thus, supply of high speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover. In the backdrop of the above-mentioned discussion, the aggregate turnover of Pure Oils for the month of April is computed as under:

Particulars	Amount (in Rs)
Supply of machine oils in Delhi	15,00,000
Supply of high speed diesel in Delhi	10,00,000
Supply of machine oil made by Pure Oils from its branch located in Punjab	10,00,000
Aggregate Turnover	35,00,000

Pure Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ $40{,}00{,}000$. Since the aggregate turnover does not exceed ₹ $40{,}00{,}000$, Pure Oils is not liable to be registered.

Question 5

What will be your answer if in Question 4 above, in S.No. (ii), Pure Oils supplies the high speed diesel in Delhi in the capacity of an agent of Mixed Oils Ltd?

Answer:

Section 24 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Pure Oils supply high speed diesel on behalf of Mixed Oil Ltd in Delhi as its agent, it shall still not be liable to obtain registration in Delhi since Section 24 comes into play only when agent is making taxable supply of goods on behalf of principal whereas in the given case, Pure Oils is supplying non-taxable goods on behalf of Mixed Oils Ltd.

Question 6

Examine whether the supplier of goods is liable to get registered in the following independent cases:

(a) Raghav of Assam is exclusively engaged in intra-state taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 33 lakhs. He has another showroom in Tripura with a turnover of ₹11 lakhs in the current FY.

(b) Pulkit of Panjim, Goa is exclusively engaged in intra-state taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakhs.

(c) Harshit of Himachal Pradesh is exclusively engaged in intra-state supply of pan masala. His aggregate turnover in the current financial year is ₹ 24 lakhs.

Answer:

Section 22 provides that a supplier is liable to be registered in the State/Union. Territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-state taxable supplies of goods is as under:

• ₹ 10 lakhs for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

• ₹ 20 lakhs for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.

• ₹ 40 lakhs for the rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa,

pan masala and tobacco and manufactured tobacco substitutes.

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:

(a) Raghav is eligible for higher threshold limit of turnover for registration, ie ₹ 40 lakhs as he is exclusively engaged in intrastate supply of goods. However, since Raghav is engaged in supplying readymade garments from a special Category State, ie Tripura, the threshold limit gets reduced to ₹ 10 lakhs. Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹ 10 lakhs. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.

(b) The applicable threshold limit for registration for Pulkit in the given case is ₹ 40 lakhs as he is exclusively engaged in intra-state taxable supply of goods in Goa. Thus, he is not liable to get registered under. GST as his turnover is less than the threshold limit.

(c) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹ 40 lakhs. The applicable threshold limit for registration in this case is ₹ 20 lakhs. Thus, Harshit is liable to get registered under G.

Question 7

Examine whether the supplier is liable to get registered in the following independent cases:

(a) Ankit of Assam is exclusively engaged in intra-state supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakhs.

(b) Sanchit of Assam is engaged in intra-state supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakhs.

Answer:

Section 22 provides that a supplier is liable to be registered in the State/Union Territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:

· ₹ 10 lakhs for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

· ₹ 20 lakhs for the rest of India.

(a) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusively supply of goods and he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakhs and hence, Ankit is liable to get registered under GST.

(b) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹ 20 lakhs. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

Question 8

What are the advantage of taking registration in GST?

Answer:

Registration will confer following advantages to the business:

· Legally recognized as supplier of goods or services.

· Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.

· Legally... authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.

· Become eligible to avail various other. benefits and privileges rendered under the GST laws.

Question 9

Can a person without GST registration collect GST and claim ITC?

Answer:

A person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him.

Question 10

If a person is making taxable supplies from different States, with the same PAN number, can he operate with a single registration?

Answer:

Every person who is liable to take a registration will have to get registered separately for each of the states where he has a business operation (and making taxable supplies) provided his aggregate turnover exceeds applicable threshold limit.

Question 11

Can a person having multiple places of business in a state obtain separate registrations for each place of business?

Answer:

Section 25 provides that a person having multiple places of business in a state may obtain a separate registration for each place of business, subject to such conditions as may be prescribed.

Question 12

Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?

Answer:

Section 25 provides that a person, though not liable to be registered u/s 22 or 24 , may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

Question 13

Can the Department, through the proper officer, suo-moto proceed to register a person under GST?

Answer:

Section 25 provides that where a person who is liable to be registered under GST law fails to obtain registration, the Proper officer may, without prejudice to any action which may be taken under CGST Act, or under any other law for the time being in force, proceed to register such person in the manner as is prescribed in the CGST Rules.

Question 14

Whether the registration granted to any person is permanent?

Answer:

Yes, the registration certificate once granted is permanent unless surrendered, cancelled, suspended or revolted.

Question 15

Is it necessary for the UN bodies to get registration under GST?

Answer:

Section 25 of the CGST Act provides that all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a unique identification number (UIN) from the GST Common Porta). The structure of the said lt> would be uniform across the states in conformity with GSTIN structure and the same will be common for the Centre and the States. This UIN will be needed for claiming refund of taxes paid on notified supplies of goods and services received by them, and for any other purpose as may be notified.

Question 16

What is the responsibility of the taxable person making supplies to UN bodies?

Answer:

The taxable supplier making supplies to UN bodies is expected to mention the U|N on the invoices and treat such supplies as supplies to another registered person (B2B).

Question 17

What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person ?

Answer:

The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for the period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier. However, the Proper Officer, at the request of the said taxable person, may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.

Question 18

What happens when the registration is obtained by means of willful misstatement, fraud or suppression of facts?

Answer:

In such cases, the registration may be cancelled with retrospective effect by the Proper Officer.

Question 19

Is there an option to take centralized registration for services under GST Law?

Answer:

No, the taxpayer has to take separate registration in every state from where he makes taxable supply of services.

Question 20

What could be the liabilities (in so far as registration is concerned) on transfer of a business?

Answer:

The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession.

Question 21

At the time of registration, will the assessee have to declare all his places of business?

Answer:

Yes. The principal place of business and place of business have been separately defined u/s 2(89) & 2(85) of the CGST Act respectively. The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.

Question 22

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?

Answer:

As per section 29(5) of the CGST Act, every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the Electronic Cash Ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Question 23

Mr Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advice on the following aspects, relating to CGST Act, 2017:

(i) When shall he apply for registration?

(ii) Is PAN mandatory for his registration?

(iii) What is the period of validity of RC granted to him?

(iv) will he be able to extend the validity of his registration? If yes, what will be the period of extension?

Answer

(i) Mr Allan, being a non-resident taxable person, should apply for registration, irrespective of the threshold limit, at least 5 days prior to the commencement of business.

(ii) No, PAN is not mandatory for his registration. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN.

However, in case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

(iii) Registration certificate granted to Mr Allan will be valid for:

· Period specified in the registration application, or

· 90 days from the effective date of registration whichever is earlier.

(iv) Yes, Mr Allan can get the validity of his registration extended. Registration can be extended further by a period not exceeding 90 days.

Question 24

Answer the following questions with respect to casual taxable person under the CGST Act, 2017:

(i) Who is a casual taxable person?

(ii) Can a casual taxable person opt for the composition scheme?

(iii) When is the casual taxable person liable to get registered?

(iv) What is the validity period of the registration certificate issued to a casual taxable person?

(v) Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension ?

Answer

(i) Casual taxable person ('CTP') means a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State/UT where he has no fixed place of business.

(ii) No, a casual taxable person cannot opt for the composition scheme.

(iii) CTP is liable to obtain registration compulsorily under GST laws, at least 5 days prior to the commencement of business.

(iv) The registration certificate issued to a casual taxable person will be valid for:

· the period specified in the registration application; or

· 90 days from the effective date of registration, whichever is earlier.

(v) Yes, the validity of registration certificate issued to a CTP can be extended further for a maximum period of 90 days.

Question 25

BBD Pvt Ltd of Gujarat exclusively manufactures and sells product ' 2 ' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells ' 2 ' only within Gujarat and is not registered under GST laws. The turnover of the company

for FY 2022-23 was ₹ 50 lakhs. The company expects the sales to grow by 10% in the current year, ie FY 2023-24.

However, effective from 01.01.2024, exemption available on ' 2 ' was withdrawn by the Central Government and GST @ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2023 was ₹ 42 lakhs.

BBD Pvt Ltd is of opinion that it does not require to get itself registered under GST for current FY 2023-24. Examine the above scenario and advise BBD Pvt Ltd whether it needs to get registered under GST or not?

Answer

For a supplier exclusively engaged in intra-state supply of goods, the threshold limit of turnover to obtain registration in the State of Gujarat is ₹ 40 lakhs. However, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration.

Therefore, since BBD Pvt Ltd was engaged exclusively in supplying exempted goods till 31.12.2023, it was not required to be registered till that day; though voluntary registration was allowed.

The position, however, will change from 01.01.2024 as the supply of goods become taxable from that day and the turnover of BBD Pvt Ltd is more than ₹ 40 lakhs. Since the aggregate turnover limit of ₹ 40 lakhs includes exempt turnover also, turnover of ' 2 ' till 31.12.2023 will be considered for determining the threshold limit even though the same was exempt from GST. Therefore, BBD Pvt Ltd needs to register within 30 days from 01.01.2024.

Question 26

Happy Trader, a sole proprietorship firm, started a business of dealing in supply of both exempted as well as taxable goods in Assam. Happy Trader has furnished the following details relating to the sales made for the month of April 2023. All amounts are exclusive of GST.

S.No.	Particulars	Amount (₹)
(i)	Intra-state sale of goods chargeable with GST @ 12%	15,00,000
(ii)	Intra-state sale of non-taxable goods	5,00,000
(iii)	Intra-state sale of alcoholic liquor for human consumption	2,00,000
(iv)	Intra-state sale of tobacco	3,00,000

With reference to the above and provisions of CGST Act, 2017:

(i) Compute the aggregate turnover.

(ii) Examine whether Happy Trader is liable to be registered under the Act, with reasons for the same.

(iii) What is the threshold limit for taking registration in this case?

Answer

(i) Computation of Aggregate Turnover of Happy Trader:

Particulars	Amount (₹)
Intra-state sale of goods chargeable with GST @ 12% {Aggregate turnover includes value of all outward taxable supplies}	15,00,000
Intra-state sale of non-taxable goods {Non-taxable supply, being an exempt supply is included in aggregate turnover}	5,00,000
Intra-state sale of alcoholic liquor for human consumption {Sale of alcoholic liquor for human consumption, being a non-taxable supply, is an exempt supply and is therefore, included in aggregate turnover?	2,00,000
Intra-state sale of tobacco {Aggregate turnover includes value of all outward taxable supplies}	3,00,000
Aggregate Turnover	25,00,000

(ii) & (iii) Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹ 20 lakhs in a financial year. An enhanced threshold limit for registration of ₹ 40 lakhs is available to persons engaged exclusively in intra-state supply of goods in specified states. However, it is not applicable in case such person is engaged in supply of tobacco. In view of the same, the applicable threshold limit of registration for Happy Traders is ₹ 20 lakhs. Thus, it is liable to be registered under the CGST Act as its aggregate turnover exceeds the said threshold limit.

Question 27

Answer the following individual independent cases with reference to the provisions of registration under the CGST Act, 2017 and the rules made there under:

(i) Govardhan is an agriculturist engaged in supply of produce out of cultivation of land. He utilizes services of Manu who is a commission agent as per the Agricultural Produce Marketing Committee Act. Turnover of Manu is above the threshold limit prescribed. Manu wants to know whether he is liable to get registered Under GST Act or not.

(ii) Anubhav is dealing in supply of taxable goods and services in the state of Gujarat. His turnover from intra-state supply of taxable goods is ₹ 16 lakhs and inter-state supply of taxable services is ₹ 22 lakhs. He is of the opinion that his aggregate turnover is within the limit so he is not required to get registered. Advise him.

Answer

(i) A commission agent under APMC Act is not liable to be compulsorily registered since it provides exempt services of sale/ purchase of agricultural produce on behalf of an agriculturist being a non-taxable person as he supplies produce out of cultivation of land.

Moreover, such commission agents are otherwise also exempt from registration since any person engaged exclusively in the business of supplying exempt services is not liable to registration. Therefore, Manu is not liable to get registered under GST law.

(ii) A supplier who is supplying both goods and services is required to obtain registration in the State (other than special category States) from where he makes a taxable supply if his aggregate turnover exceeds specified threshold limit of ₹ 20 lakhs in a financial year.

In the given case, the aggregate turnover of goods and services supplied by Anubhav (₹ 38 lakhs) exceeds the threshold limit and thus, he is required to obtain registration.

Question 28

M/s Zen Pvt Ltd is a dealer in goods having registered office at Noida, UP and shops are located at Noida, UP and Chennai, Tamil Nadu. A detail of various supplies both inward and outward undertaken by them during June 2023 quarter are given in the table below: All the values given in the table are inclusive of applicable GST (CGST/SGST/UTGST/IGST), wherever applicable. Applicable IGST Rate is 5% and CGST & SGST @ 2.5% each, on Inward & RCM supplies as well.

S.No.	Particulars	Amount (₹)
(i)	Export of goods to China from Noida	20,00,000
(ii)	Goods supplied to SEZ located at Delhi from Noida	15,00,000
(iii)	Supply of goods directly to customer from location of job worker at Lucknow (UP) after completion of job work. (Intra-State)	2,00,000
(iv)	Sales from Chennai Shop (Inter-State)	11,00,000
(v)	Local States at Noida (Intra-State)	25,00,000
(vi)	Services of transport availed from M/s ABC Transport (Inter-State)	3,00,000
(vii)	Commission paid to Mr Nagar, Sales Executive which is not part of the terms of employment. (Intra-State)	50,000

Calculate the aggregate turnover of M/s Zen Pvt Ltd for June 2023 quarter. Brief and suitable notes should form part of your answer.

Answer

Computation of Aggregate Turnover of Zen Pvt Ltd:

S.No.	Particulars	Amount (₹) {Excluding GST}
(i)	Exports of goods to China from Noida {It has been assumed that exports of goods have been made without payment of tax}	20,00,000
(ii)	Goods supplied to SEZ located at Delhi from Noida {It has been assumed that supply of goods to SEZ have been made without payment of tax}	15,00,000
(iii)	supply of goods directly to customer from location of job worker {Includible in the aggregate turnover of Zen Pvt Ltd} (₹ 2,00,000×100/105)	1,90,476
(iv)	Sales from Chennai shop (Inter-State) (₹ 11,00,000×100/105) {Includible in the aggregate turnover; further, IGST be excluded from the same}	10,47,619
(v)	Local sales at Noida (Intra-State) (₹ 25,00,000×100/105) {Includible in the aggregate turnover; further, CGST and SGST be excluded from the same}	23,80,952
(vi)	Services of transport availed {Inward supplies are not included in aggregate turnover}	Nil
(vii)	Commission paid to sales executive {Inward supplies are not included in aggregate turnover}	Nil
Total Aggregate Turnover		71,19,047

Question 29

P Ltd, a registered person, provided following information for the month of October 2023 :

Particulars	Amount (₹)
Intra-state outward supply	8,00,000
Inter-state exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	1,20,000

Payment of CGST and SGST	45,000 each
Payment of custom duty on export	40,000
Payment made for availing GTA services	3,00,000

GST is payable on reverse charge for GTA services. Compute the aggregate turnover of P Ltd for the month of October 2023. All amounts are exclusive of GST.

Answer

The term aggregate turnover means the aggregate value of all taxable supplies, exempt supplies, exports of goods or services or both and inter-state supplies of persons having the same Permanent Account Number, to be computed on all India basis but excluding

· central tax, state tax, union territory tax, integrated tax and cess.

· the value of inward supplies on which tax is payable by a person on reverse charge basis.

In terms of the definition of the aggregate turnover given above, the aggregate turnover of PLtd has been computed as follows:

Particulars	Amount (₹)
Intra-state outward supply	8,00,000
Inter-state exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	Nil
Payment of CGST and SGST	Nil
Payment of customs duty on export	40,000
Payment made under reverse charge for availing GTA services	Nil
Aggregate Turnover	32,40,000

Question 30

M/s 5 corporation has made default in furnishing returns. It has not filed returns from the month of June 2023. The proper officer cancelled its registration with effect from 1st January 2024 by an order dated 1st January 2024. It applied for revocation of cancellation of registration and the order for revocation of cancellation of registration was passed on 1st March 2024. What are the provisions regarding filing returns before making such an application of revocation of cancellation of registration for the given case?

Answer

· Where the registration is cancelled suo-moto by the appropriate officer, the registrant seeking revocation of the order, has to apply for the revocation of cancellation within 90 days from the date of service of the order of cancellation of registration.

· Further, he has to furnish all the returns due till the date of such cancellation before the application for revocation can be filed. Further, he should also pay any amount due as tax along with any amount payable towards interest, penalty, and late fee in respect of the said returns.

· Thus, in the given case, before making an application for revocation of cancellation of registration, M/s S corporation should file all returns due for the period from June 2023 till December 2023.

Question 31

B Enterprises started its business activities in the month of January 2024 in the State of. Karnataka. It provides the following information:

S.No.	Particulars	Amount (₹)
1	Value of intra-state outward taxable supply of goods	7,00,000
2	Value of inter-state outward taxable supply of services	6,00,000
3	Value of intra-state outward supply on which tax is payable under reverse charge mechanism	1,00,000
4	Value of intra-state outward supply of exempted good from its other place of business in the State of Manipur (under same PAN)	5,00,000

From the information given above, you are required to calculate the aggregate turnover of B Enterprises with necessary explanations and also specify with reason whether it is liable to get registered under CGST Act or not.

Answer

Computation of Aggregate Turnover of B Enterprises, Karnataka {January 2024}:

Particulars	(₹)
Intra-State outward taxable supply of goods [Aggregate turnover includes value of all taxable supplies]	7,00,000
Inter-State outward taxable supply of services [Aggregate turnover includes value of inter-state supplies]	6,00,000

Intra-State outward supply on which tax is payable under reverse charge mechanism [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge]	1,00,000
Intra-State outward supply of exempted goods from Manipur [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN]	5,00,000
Aggregate Turnover	19,00,000

· Persons making any inter-state taxable supply are required to obtain compulsory registration, but in case of inter-state supply of taxableservices, threshold limit of ₹ 20 lakhs is available. Such threshold limit gets reduced to ₹ 10 lakhs in case of specified special Category States provided taxable supply is being made therefrom.

· Since B Enterprises is making exempt supplies from Manipur, a specified Special Category State, the applicable threshold limit of registration for B Enterprises would remain ₹ 20 lakhs. Thus, it is not liable to be registered as its aggregate turnover does not exceed the threshold limit.

Question 32

Q Ltd is engaged exclusively in supply of taxable goods from the following states. The particulars of intra-state supplies for the month of May 2023 are as follows:

State	Turnover (₹)
Madhya Pradesh	5,00,000
Gujarat	14,00,000
Tripura	12,00,000

(i) Q Ltd seeks to know whether it is liable for registration under GST. Give your explanation.

(ii) Will your answer be different if Q Ltd supplies only petrol & diesel from Tripura instead of any other taxable goods?

Answer

Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹ 20 lakhs in a financial year. An enhanced threshold limit for registration of ₹40 lakhs is available to persons engaged exclusively in intra-state supply of goods in specified States. However, the applicable threshold limit for registration gets reduced to ₹ 10 lakhs in case a person is engaged in making supply from a specified special category state provided such supply is a taxable supply.

(i) Since Q Ltd is making supply of taxable goods from Tripura - a specified Special Category State, the applicable threshold limit will get reduced to ₹ 10 lakhs. Thus, it is liable to be registered under GST as its aggregate turnover (₹ 31 lakhs) exceeds the applicable threshold limit of ₹ 10 lakhs.

(ii) In case Q Ltd is making supply of non-taxable goods (petrol and diesel) from Tripura, the applicable threshold limit will not be reduced to ₹ 10 lakhs; enhanced threshold limit of ₹ 40 lakhs will be applicable. Thus, it is not liable to be registered under GST as its aggregate turnover (₹ 31 lakhs) does not exceed the said threshold limit.

Question 33

Mr Q, a Casual Taxable Person of Gujarat state, is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October 2023 is ₹ 18 Lakhs.

(i) Explain the provisions of registration for Casual Taxable person under GST. Examine whether Mr Q is liable for registration or not?

(ii) What will be the answer if Mr Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand?

Answer

(i) A casual taxable person is required to obtain compulsory registration under GST irrespective of the quantum of its aggregate turnover. However, a threshold limit of ₹ 20 lakhs (₹ 10 lakhs in case of specified special Category States) is available for registration to a casual taxable person who:

· is making inter-state taxable supplies of notified handicraft goods and notified hand-made goods,

· is availing the benefit of exemption from registration available to inter-state supply of above-mentioned goods upto the aggregate turnover of ₹ 20 lakhs (₹ 10 lakhs in case of specified special category States), and

· has obtained a PAN and has generated an e-way bill.

In the given case, since Mr Q is engaged in supplying notified handicraft goods and its aggregate turnover does not exceed ₹ 20 lakhs, he will not be liable to registration provided he fulfills other conditions specified herein.

(ii) In case Mr Q is engaged in trading of notified products which are predominantly made by machine, he will not be eligible for the exemption from registration under aforesaid provisions and needs to take compulsory registration.

Question 34

Nesamani started his business activities in the month of February 2023 in the State of Orissa. He provided the following details:

S.No.	Particulars	Amount (₹)
(i)	Outward supply of petrol (Intra-State)	4,00,000
(ii)	Transfer of exempt goods to his branch in Rajasthan (Inter-State)	2,00,000

(iii)	Outward supply of taxable goods by his branch in Uttar Pradesh (Intra-State)	5,00,000
(iv)	Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State)	6,00,000
(v)	Inward supply of services on which tax is payable under RCM (Intra-State)	2,00,000

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes.

Answer

Computation of Aggregate Turnover of Nesamani:

Particulars	Amount (₹)
outward supply af petrol **{Supply of petrol, being a non-taxable supply, is an exempt supply and the value of exempt supply is includible in aggregate turnover?**	4,00,000
Inter-State stock transfer of exempt goods **{Supply of taxable/exempt goods between distinct persons is includible}**	2,00,000
Outward supply of taxable goods from Uttar Pradesh branch {Value of outward supplies under same PAN are includible}	5,00,000
Outward supply of services taxable under reverse charge **{Includible in aggregate turnover}**	6,00,000
Inward supply of services taxable under reverse charge **{Excludible from the aggregate turnover}**	-
Aggregate Turnover	17,00,000

For a supplier engaged in supply of goods and services from the States of Orissa and Uttar Pradesh, the threshold limit of aggregate turnover to obtain registration is ₹ 20 lakhs. However, a person required to pay tax under reverse charge has to obtain registration compulsorily as per section 24 irrespective of the quantum of turnover.

Since in the given case, Nesamani is required to pay tax under reverse charge, it is liable to obtain registration compulsorily irrespective of his quantum of turnover.

Question 35

Explain the procedure for revocation of cancellation of registration where the registration of a person is cancelled suo-motu by the proper officer as per the provisions of CGST Act, 2017.

Answer

Refer the relevant legal portion given in the book



CHAPTER 12 DOCUMENTATION UNDER GST

Question 1

Sultan Industries Ltd, Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7^{th} September. The spare parts were to be delivered on 30^{th} September. Sultan Industries Ltd removed the finished spare parts from its factory on 29^{th} September. Determine the date by which invoice must be issued by sultan Industries Ltd under GST law.

Answer:

As per the provisions of section 31, invoice shall be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Accordingly, in the given case, the invoice must be issued on or before 29^{th} September.

Question 2

MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 1, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?

Answer:

Continuous supply of service means, inter alia, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis under a contract, for a period exceeding 3 months with the periodic payment obligations. Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.

In terms of Section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment. Therefore, in the given case, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, Oct 1, and Jan 1.

Question 3

The aggregate turnover of Sangri Services Ltd, Delhi, exceeded ₹ 20 lakhs on 12^{th} August. He applied for registration on 3^{rd} September and was granted the registration certificate on 6^{th} September. You are required to advice Sangri Services Ltd as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.

Answer:

As per section 25 read with CGST Rules, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, sangri services Ltd's turnover exceeded ₹ 20 lakhs on 12^{th} August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, ie 12^{th} August.

As per section 31 read with CGST Rules, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within I month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration. Therefore, in the given case, Sangri Services Ltd has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12^{th} August) till the date of issuance of certificate of registration (6^{th} September) within 1 month from the date of issuance of certificate of registration, ie on or before 6^{th} October.

Question 4

Shyam Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same.

Answer:

A registered person paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed. Therefore, in the given case, shyam Fabrics cannot issue tax invoice; instead it shall issue a Bill of Supply.

Question 5

Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4^{th} January. For the occasion, it gets the service by way of makeover of its models from Aura Beauty Services Ltd, Ashok Vihar, for which a consideration is ₹ $5,00,000$ (excluding GST) has been charged. Aura Beauty Services Ltd issued a duly signed tax invoice on 10^{th} February showing the lumpsum amount of ₹ $5,90,000$ inclusive of CGST and SGST @ 9% each for the services provided. Answer the following questions:

(a) Examine whether the tax invoice has been issued within the time limit prescribed under law.

(b) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions.

Answer:

(a) As per Section 31 read with the CGST Roles, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days (45 days in case of insurer/banking company or financial institutions including NBFCS) from the date of supply of service.

In view of the said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service, ie upto 3^{rd} February. However, the invoice has been issued on 10^{th} February.

(b) Section 31 read with the CGST Rules, inter alia, provides that tax invoice in addition to other mandatory details shall also contain the amount of tax charged in respect of taxable goods or services (Central Tax, State Tax, Integrated Tax, Union Territory Tax or Cess). Further, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply of makeover services should be shown separately in the invoice raised by Aura Beauty Services Ltd, is valid in law.

Question 6

Kidzee Toys Ltd, a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Kidzee Toys Ltd makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25^{th} September by issuing a tax invoice amounting to ₹ $1,00,000$. However, the said toys were returned by Nancy General Store on 30^{th} September. Discuss which document Kidzee Toys Ltd is required to issue in such a case?

Answer:

As per section 34, where one or more tax invoices have been issued for supply of any goods or services or both and the goods supplied are returned by the recipient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. Therefore, Kidzee Ltd is required to issue a credit note to Nancy General Store for the good returned.

Question 7

Rana Sanga Ltd, a registered supplier has made following taxable supplies to its customer Babur in the quarter ending 30^{th} June:

Date	Bill No	Particulars	Invoice Value (Including GST) (RS)
5 th April	102	Notebooks (10 in number)	1,200
10^{th} May	197	Chart Paper (4 in number)	600
20^{th} May	230	Crayon colors (2 packets)	500
2^{nd} June	254	Poster colors (5 packets)	900
22^{nd} June	304	Pencil box (4 sets)	700

Goods in respect of Bill No 102, 230 and 254 have been returned by Babur. You are required to advise Rana Sanga Ltd whether it can issue a consolidated credit note against all the three invoices.

Answer:

Where one or more tax invoices have been issued for supply of any goods and/or services and

· the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or

· where the goods supplied are returned by the recipient, or

· where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/or services, may issue to the recipient one or more credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices. Hence, in view of the above-mentioned provisions, Rana Sanga Ltd can issue a consolidated credit note for the goods returned in respect of all the three invoices.

Question 8

Chidanand Products Pvt Ltd is a registered supplier who has opted for composition levy in the current FY. He wishes to know whether the issue of a bill of supply can be dispensed with under any circumstances. You are required to advise him.

Answer:

Chidanand Products Pvt Ltd may not issue a bill of supply if the value of the goods or services or both supplied is less than ₹ 200 subject to the condition that the recipient is an unregistered person and the recipient does not require such bill of supply. A consolidated bill of supply for such supplies at the close of each day in respect of all such supplies is required to be issued.

Question 9

A registered person has to mandatorily issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person. Examine the validity of the statement.

Answer:

The statement is not valid in law. As per the CGST Rules, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single 'invoice-cum-bill of supply' may be issued for all such supplies.

Question 10

A non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month. Examine the validity of the statement.

Answer:

The said statement is valid in law. A customer may avail numerous services from a non-banking financial company in a given tax period. It may issue a consolidated tax invoice/statement/advice, any other document in lieu thereof, by whatever name called may be issued/made available, physically/electronically, for supply of services made during a month at the end of the month.

Question 11

Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods and the delivery shall be made on or before 31^{st} October. The goods were removed from the factory at Kolkata on 11^{th} October. As per the agreement, the goods were to be delivered on or before 31^{st} October. Suraj Enterprises has received the goods on 14^{th} October. Determine the time of issue of invoice as per the provisions of CGST Act.

Answer:

A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Therefore, in the given case, invoice has to be issued on or before 11^{th} October (the time of removal of goods).

Question 12

Trust and Fun Ltd, an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5^{th} June. Payment for the event was made on 19th June. Determine the time of issue of invoice as per the provisions of CGST Act.

Answer:

A registered person (other than an insurer/banking company/financial institution, including a NBFC) supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service. Thus, in the given case, invoice has to be issued within 30 days of 5^{th} June (date of supply of service), ie on or before, 5^{th} July..

Question 13

Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same.

Answer:

Udai singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to sujamal. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment. Therefore, in case subsequently no services are supplied by Udai Singh, and no tax invoice is issued in pursuance thereof, Udai Singh may issue a refund voucher against such payment to sujamal.

Question 14

Bhoj Raj, a registered person, has availed GTA services on which he is liable to pay tax under reverse charge. He wishes to know whether he is required to issue an invoice. Please advise him discussing the relevant provisions under CGST ACt and rules thereunder.

Answer:

Bhoj Raj is required to issue an invoice with regard to the GTA services availed by him. A registered person who is liable to pay tax u/s 9(3) or 9(4) (ie, where the recipient is liable to discharge GST on reverse charge basis) shall issue an invoice in respect of goods or services or both received by him from the supplier on the date of receipt of goods or services or both.

Question 15

Sitaram Textiles has to send cloth for dyeing to its job-worker. It wishes to know whether it needs to issue a tax invoice at the time of sending the goods to job-worker. Please advise him with reference to the provisions of the CGST Act.

Answer:

Sitaram Textiles has to issue a delivery challan and not the tax invoice at the time of sending the goods to job-worker. Rule 55, inter alia, stipulates that for the purposes of transportation of goods for job work, the consignor may issue a delivery challan, serially numbered, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:

· Date and number of the delivery challan;

· Name, address and GSTIN of the consigner, if registered;

· Name, address and GSTIN or UIN of the consignee, if registered;

· Harmonised System of Nomenclature (HSN) code and description of goods;

· Quantity (provisional, where the exact quantity being supplied is not known);

· Taxable value;

· Tax rate and tax amount - Central Tax, State Tax, Integrated Tax, Union Territory Tax or Cess, where the transportation is - for supply to the consignee;

· Place of supply, in case of inter-state movement; and

· signature.

The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner, namely:

· the original copy being marked as ORIGINAL FOR CONSIGNEE;

· the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and

· the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.

Question 16

What are the documents and devices to be carried by person-in-charge of conveyance under Rule 138A of CGST Rules,2017?

Answer:

The person-in-charge of a conveyance has to carry:

(a) the invoice or bill of supply or delivery challan, as the case may be; and

(b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner.

Question 17

Explain the meaning of consignment value of goods.

Answer:

Consignment value of goods shall be the value:

· determined in accordance with the provisions of Section 15,

· declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment;

· includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document; and

· shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Question 18

Mr X, a registered person has caused movement of goods of consignment value exceeding ₹ 50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e-way bill, he found a mistake in the e-way bill and wants to edit it. You are required to advise Mr X whether he can do so with the help of relevant provisions?

Answer:

If there is a mistake, incorrect or wrong entry in the e-way bill, then it cannot be edited or corrected. Only option is cancellation of e-way bill within 24 hours of generation and generate a new one with correct details.

Thus, in view of the above-mentioned provisions, Mr x cannot edit the e-way bill. However, he can cancel the e-way bill within 24 hours of generation and generate a new one with correct details.

Question 19

Talli Lal, a registered person, has transported alcoholic liquor for human consumption of consignment value of ₹ 1,50,000 from Delhi to Haryana. He has not generated e-way bill for the same. You are required to examine the correctness of action taken by Talli Lal.

Answer:

E-way bill is not required to be generated where the goods being transported are alcoholic liquor for human consumption. Thus, the action of Talli Limited of not generating the e-way bill is correct in law.

Question 20

Dhananjay Associates registered in Gujarat deals in industrial grade iron and steel products. The proprietor of Dhananjay Associates sold TMT Iron bars (GST applicable @ 18%) to a retailer in Maharashtra at a value of ₹ 40,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of retailer. The transportation cost of ₹7,000 has been charged separately to deliver

the same to the retailer in Maharashtra. In the above scenario, determine whether an e-way bill is required to be issued under GST?

Answer:

Consignment value of goods is the value determined in accordance with the provisions of section 15, and also includes the central tax, state or union territory tax, integrated tax and cess charged, if any, in the document.

Further, since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are to be added in the value of principal supply. Accordingly, the value of supply as per section is in the given case would include the transportation cost in the invoice value, ie 47,000 (₹ $40{,}000 + ₹7{,}000$).

Consignment value $= ₹47{,}000 \times 118\% = ₹55{,}460$. Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued under GST in the given case.

Question 21

Mr Lakhan provides Continuous Supply of Services (CSS) to M/s TNB Limited. He furnishes the following further information:

· Date of commencement of providing CSS - 01-10-2023

· Date of completion of providing CSS-31-01-2024

· Date of receipt of payment by Mr Lakhan - 30-03-2024

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances:

(i) If no due date for payment is agreed upon by both under the contract of CSS.

(ii) If payment is linked to the completion of service.

(iii) If M/s TNB Limited has to make payment on 25-03-2024 as per the contract between them.

Answer

(i) Where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment. Thus, in the given case, the invoice should be issued on or before 30.03.2024 (i.e., the date of receipt of payment by Mr Lakhan).

(ii) If payment is linked to the completion of an event, the invoice should be issued on or before the date of completion of that event. Since in the given case, payment is linked to the completion of service, invoice should be issued on or before 31.01.2024 (i.e., the date of completion of service).

(iii) Where the due date of payment is ascertainable from the contract, the invoice should be issued on or before the due date of payment. If M/s TNB Limited has to make payment on 25.03.2024 as per the contract between them, the invoice should be issued on or before 25.03.2024.

Question 22

Kartik & Co, a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March 2024:

· Value of supply charged in an invoice was ₹ $2,50,000$ against the actual taxable value of ₹ $2,30,000$.

· Tax charged in an invoice was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.

· Value charged in an invoice was ₹$3,20,000$ as against the actual value of ₹$4,20,000$ due to wrong quantity considered while billing.

Kartik & Co asks you to answer the following:

(i) Who shall issue a Debit/Credit Note under CGST Act, 2017?

(ii) Whether Debit Note or Credit Note has to be issued in each of the above circumstances and, if so, quantify the amount for which it is to be issued.

(iii) What is the maximum time-limit available for declaring the credit note in the GST Return?

Answer

(i) The registered supplier (ie, Kartik & Co) is required to issue a debit/credit note in each of the circumstances as explained in point (ii).

(ii) First Situation: A credit note is required to be issued as the taxable value in invoice exceeds the actual taxable value. The credit note should be issued for the excess value of supply charged in the invoice, ie, ₹ 20,000.

Second Situation: A debit note is required to be issued as the tax charged in the invoice is less than the actual tax payable. The debit note should be issued for the amount of tax which is charged less, ie ₹ 36,000.

Third Situation: A debit note is required to be issued as the value of supply charged in the invoice is less than the actual value. The debit note should be issued for the amount of value which is charged less, ie ₹ $1{,}00{,}000$.

(iii) The details of the credit note cannot be declared later than 30^{th} November following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.

Question 23

M/s ABC Ltd, is a contractor executing works contract service, situated in Tamil Nadu. It entered into an agreement with M/s XYZ Ltd (another'registered person in Tamil Nadu) to provide works contract services in various states in south India. The precise location details were to be shared later. In this regard, M/S ABC Ltd received an advance of ₹ I Crores (including GST).

You are to advise M/s ABC Ltd whether:

(i) they are liable to pay tax under GST on such advance amount.

(ii) the tax liability is to be paid as (CGST + SGST) or IGST.

(iii) What would be the tax rate at which such tax liability is to be paid?

Answer

(i) Supply includes inter alia all forms of supply made or agreed to be made. Thus, advance payment for a supply agreed to be made is liable to tax. In case of services, the time of supply is issue of invoice or receipt of payment, whichever is earlier. Therefore, in the given case, ABC Ltd will be required to pay tax on advance of ₹ I crore at the time of receipt of advance.

(ii) Where at the time of receipt of advance, nature of supply is not determinable, the same is treated as inter-state supply and thus, IGST is charged thereon.

(iii) Where at the time of receipt of advance, rate of tax is not determinable, tax is paid at the rate of 18%.

Question 24

M/s Xing Trans of Kolkata engaged in the trading of transmitters. On 20/05/2023, M/s Xing Trans have sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/2023 at the exhibition. out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/2023 and balance 50 units have neither been sold nor brought back. Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need's to be issued by M/s Xing Trans.

Answer

· Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

· In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal. Thus, tax invoice for said 300 units needs to be issued before or at the time of supply of such goods, ie upto 28/07/2023.

· Remaining $200(150 + 50)$ units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, ie 20/11/2023. Thus, tax invoice for said 200 units needs to be issued upto 20/11/2023.

Question 25

"One consolidated e-way bill can be generated for multiple invoices". Comment on the validity of the above statement with reference to GST law.

Answer

· The statement is invalid. Multiple invoices cannot be clubbed to generate one e-way bill. If multiple invoices are issued by the supplier to recipient, for movement of such goods, multiple e-way bills have to be generated.

· Thus, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

Question 26

M/s Sakura Enterprises made an inter-state supply of taxable goods valued at ₹ 47,500 and exempt goods valued at ₹ 2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises.

Answer

In the given case, consignment value of goods (including GST and excluding value of exempt supply) is ₹$50,350(47,500 \times 106\%)$. Since there is a movement of goods of consignment value exceeding ₹ $50,000$, M/s Sakura Enterprises is mandatorily required to issue e-way bill.

Question 27

When goods are transferred by principal to job worker, there no need to issue e-way bill. Comment on the validity of the above statement with reference to GST Laws.

Answer

· Where goods are sent by a principal located in one state to a job-worker located in any other state, the e-way bill shall be generated by the principal mandatorily irrespective of the value of the consignment.

· Where goods are sent by a principal located in one state to a job-worker located in the same state, the e-way bill shall be generated by the principal if the consignment value of goods exceeds ₹ 50,000.

Question 28

Mr Venaram, proprietor of M/s Lalit Kirana Stores, is registered as a composition dealer in the Jodhpur district of Rajasthan. He has not furnished the statement for payment of self-assessment tax in the Form GST CMP-08 for two consecutive quarters. He placed an order for purchase of taxable goods worth ₹ $5,50,000$ with M/s Bob & sons (a partnership firm), a registered dealer in the Bikaner district of Rajasthan. M/s Bob & Sons has been regularly filing its GST return. M/s Bob & Sons wants to generate e-way bill with respect to intra-state supply to be made to M/s Lalit Kirana Stores. Whether M/s Bob & Sons is allowed to generate e-way bill as per the provisions of CGST Act, 2017? Answer with proper reasoning.

Answer

· In order to ensure that registered persons do not make any default in filing of GST returns, a person paying tax under composition scheme

shall not be allowed to furnish the information in Part A of Form GST EWB-01 in respect of his outward supplies if he has not furnished the statement for payment of self-assessed tax (ie, GST CMP-08) for two consecutive quarters. However, e-way bills can be generated in respect of inward supplies of the said person.

· . In the present case, M/s Lalit Kirana has not furnished Form GST CMP-08 for two consecutive quarters. He has placed an order for purchase of taxable goods with M/s Bob & Sons who has been regularly filing his GST returns. Since M/s Bob & Sons is a regular return filer, M/s Bob & Sons is allowed to generate e-way bill with respect to intra-state supply to be made to M/s Lalit Kirana Stores.

Question 29

Dream World Pvt Ltd is registered under GST in the State of Haryana. During FY 2023-24, its annual aggregate turnover was ₹ 12 Crores. In the month of April 2024, it supplied goods worth ₹ 12 lakhs to Nightmare Ltd (a registered taxable person).

(i) You are required to ascertain whether issue of e-invoice is mandatory in respect of this transaction?

(ii) What would be your answer if Nightmare Ltd is a SEZ (Special Economic Zone) unit?

Answer

(i) A registered person whose aggregate turnover in any preceding financial year from FY 2017-18 onwards exceeds ₹ 5 crores, has been notified as class of persons who shall prepare e-invoice in respect of B2B supplies (ie, supply of goods or services or both to a registered person) or for exports. In the present case, Dream World Pvt Ltd (with annual aggregate turnover of ₹ 12 crores in Fy 2023-24) has supplied goods worth ₹ 12 lakhs to Nightmare Ltd (a registered taxable person) in April 2024. As per the above stated law, issuance of e-invoice is mandatory in respect of the present transaction.

(ii) In respect of supplies made by SEZ units, e-invoicing provisions are not applicable even if their turnover exceeds ₹ 5 crores in the preceding financial year from FY 2017-18 onwards. However, in case of supplies made by notified persons to SEZ units, e-invoices need to be issued. Therefore, e-invoicing provisions shall be applicable in respect of supplies made by Dream world Pvt Ltd to Nightmare Ltd even if Nightmare Ltd is a SEZ unit.

Question 30

Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge on both the transactions u/s 9(3) or 9(4) of the CGST Act, 2017.

Answer

A registered person shall issue an invoice in respect of goods and/or services received by him provided:

(i) He is liable to pay tax under reverse charge u/s 9(3) or 9(4) of the CGST Act, 2017 on such supplies; and

(ii) Supplies are received from the supplier who is not registered on the date of receipt of goods and/or services.

Supply of Legal Services By Advocate Sameer (Registered) To Mohan Enterprise: RCM is applicable in case of legal services as per Section 9(3) of CGST Act. Since the supplier (ie, Advocate Sameer) is registered, Mohan Enterprises is not required to issue an invoice in the present case. However, Mohan Enterprises shall be required to issue a payment voucher in respect of the present transaction.

Supply of Labour Services By Shekhar (Unregistered) To Mohan Enterprise: Assuming that RCM is applicable in the present case as per section 9(4) of CGST Act, Mohan Enterprises is required to issue an invoice in the present case because the supplier is unregistered under the GST laws. Further, Mohan Enterprises shall be required to issue a payment voucher in respect of the present transaction.



CHAPTER 13 ACCOUNTS & RECORDS

Question 1

Who is required to maintain books of accounts and at which place in terms of Section 35 read with relevant rules?

Answer:

Every registered person shall keep and maintain, his books of accounts at his principal place of business and books of accounts relating to additional place of business as mentioned in the certificate of registration. Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business.

Question 2

Mr Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person.

Answer:

A supplier who has opted for composition scheme is not required to maintain records relating to;

(a) Stock of Goods: Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.

(b) Details of Tax: Account containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Thus, Mr sky is not required to maintain above mentioned records.

Question 3

Mr Harsh Manjula is engaged in the business of works contract services and request your guidance as to specific records required to be maintained by him under GST law, if any.

Answer:

Mr Harsh Manjula, executing works contract, shall keep separate accounts for works contract showing:

(a) the names and addresses of the persons on whose behalf the works contract is executed;

(b) description, value and quantity (wherever applicable) of goods/services received for the execution of works contract;

(c) description, value and quantity (wherever applicable) of goods/services utilized in the execution of works contract;

(d) the details of payment received in respect of each works contract; and the names and addresses of suppliers from whom he received goods or services.

Question 4

Chill Chain Cold is operating cold storage warehouse and seeks your guidance on the GST accounts and records to be maintained by them in terms of Section 35.

Answer:

Chill Chain Cold shall maintain records of the consigner, consignee and other relevant details of the goods in the prescribed manner.

Chill Chain Cold shall also maintain books of accounts with respect to the period for which particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal of such goods.

Chill Chain Cold shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.

Question 5

Mr X is of the view that records are to be mandatorily maintained manually only. You are required to examine the view taken by Mr X?

Answer:

The view taken by Mr X is not valid in law. Books of account include any electronic form of data stored on any electronic device. The registered person may keep and maintain such accounts and other particulars in electronic form stored on any electronic device and record so maintained shall be authenticated by means of a digital signature. The registered person maintaining electronic record's shall produce, on demand, the relevant records or documents, duly authenticated by him, in hard copy or in any electronically readable format.

Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files and explanation for codes used, where necessary, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files.

Question 6

Every registered person executing works contract shall keep separate accounts for works contract under CGST Act Rules, 2017. List the details to be maintained.

Answer

Refer the relevant legal portion given in the book

Question 7

Commissioner has notified some specified persons to maintain additional accounts or documents as mentioned in Rule 56 of CGST

Rules 2017. Agent as defined u/s 2(5) of the CGST Act 2017 is one of them. List the additional accounts or documents to be kept by agent.

Answer

Refer the relevant legal portion given in the book

Question 8

GoToDress is a chain of stores dealing in readymade garments through five showrooms in Delhi. It has a single registration for all its showrooms in Delhi and has a principal place of business at Karol Bagh, Delhi. One of the consultants has suggested GoToDress to maintain books of accounts of all of its five showrooms at principal place of business at Karol Bagh, Delhi for better administration and control. Give your comment on the above advice according to the provisions of GST law.

Answer

As per section 35 of the CGST Act, the books of accounts are to be maintained at principal place of business as mentioned in the certificate of registration. Further, where his registration certificate is covering multiple place of business (eg, a supplier operating from multiple place of business within a State/Union Territory), then accounts relating to each such additional place of business shall also be kept at each such additional place of business. Thus, GoToDress has to maintain records relating to five showrooms at their respective showrooms.

In view of above provisions, advice given to GoToDress as to maintenance of records only at principal place of business is not legally correct.

Single Entity With Multiple Places of Businesses:

Registration	Accounts To Be Maintained
Multiple Registrations (GSTINS)	Each GSTIN = Deemed Distinct Person; Each registered unit shall maintain its accounts separately, ie separate compliances are required.
Single Registration (GSTIN)	Single Place of Business: Maintain accounts at such place. Multiple Places of Business: - Maintain all accounts at principal place of business; and - Also maintain accounts relating to each additional place of business at their respective place of business.



CHAPTER 14 TDS & TCS UNDER GST

Question 1

Whether the rate of tax of 0.5% notified u/s 52 is CGST or SGST or a combination of both CGST and SGST?

Answer:

The rate of TCS as notified under CGST Act is payable under CGST and the equal rate of TCS is expected under the SGST Act also, in effect aggregating to 0.5%.

Question 2

Is every e-commerce operator required to collect tax on behalf of actual supplier?

Answer:

Yes, every e-commerce operator is required to collect tax where consideration with respect to the supply is being collected by the e-commerce operator.

However, no TCS is required to be collected in the following cases:

· On supply of services notified u/s 9(5) of the CGST Act, 2017.

• On exempt supplies.

· On supplies on which the recipient is required to pay tax on reverse charge basis.

Question 3

State whether the provisions pertaining to tax collected at source u/s 52 of CGST Act, will be applicable, if Fitan Ltd sells watch on its own through its own website?

Answer:

As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate, as may be notified by the Government on the recommendations of the council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator. Hence, if the person sells on his own, provisions pertaining to tax collected at source (TCS) won't be applicable.

Question 4

There is no onus of filing any monthly & annual statements by ECO. Examine the technical veracity of the statement by explaining relevant provisions.

Answer:

The given statement is invalid. An electronic statement has to be filed by the ECO containing details of the outward supplies of goods and/or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of the each month in which supplies are made.

Additionally, the ECO is also mandated to file an Annual Statement on or before 31^{st} day of December following the end of the financial year.

The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source.

Question 5

State whether the provisions pertaining to tax collected at source u/s 52 of CGST Act, will be applicable, if ABC Limited who is dealer of Royul brand sells watches through slipkart, an electronic commerce operator?

Answer:

As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate, as may be notified by the Government on the recommendations of the council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator. If ABC Limited who is dealer of Royul brand sells watches through Slipkart, then the provision of TCS will be applicable to slipkart.

Question 6

Who is liable to collect TCS (collection of tax at source) under section 52 of the CGST Act, 2017. Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government as per the provisions of Section S2 of the CGST Act, 2017 and Rule 12 of the CGST Rules, 2017.

Answer

· Every Electronic Commerce Operator (ECO), not being an agent, is liable to collect tax at source (TCS) on the net value of taxable supplies made through it by suppliers, where the ECO collects the consideration on behalf of the supplier for such supplies.

· Registration: Section 24 prescribes that an ECO is mandatorily required to obtain registration irrespective of the turnover. A registration application in prescribed form needs to be submitted through the common portal and the. proper officer shall, after due verification, grant registration. On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the proper officer is satisfied that a person is no longer liable to collect the tax at source, he may cancel his registration.

· Returns: Such ECO shall furnish a monthly statement in Form GSTR-8 containing the details of the outward supplies of goods and/or services effected through it, including supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which tax has been collected at source. Further, an annual statement also needs to be filed in Form GSTR-9B on or before 31^{st} December following the end of the financial year.

· Deposit of TCS: By 10^{th} of the month succeeding the month in which TCS has been collected.

Question 7

Mohan, a registered person in Salem, Tamil Nadu, makes intra-state supply of taxable goods amounting to ₹13,57,000 inclusive of GST to a Public Sector Undertaking (PSU). Consideration for same received in 5 equal instalments from PSU.

Tax rate applicable: CGST 9%, SGST 9%, IGST 18%. What will be your view with respect to applicability of TDS provisions as per Section SI of CGST Act 2017 regarding above transaction?

What is the period by which TDS is required to be deposited to the Government account?

Answer

· In case of supply of goods to PSU, TDS needs to be deducted u/s SI of CGST Act if the total value of supply under a contract (excluding the amount of GST indicated in the invoice) exceeds ₹ $2{,}50{,}000$. Thus, individual supplies may be less than ₹ $2{,}50{,}000$ but if the value of supply under a contract is more than ₹ $2{,}50{,}000$, TDS needs to be deducted as per rates prescribed.

· In the present case, the value of contract exclusive of GST shall be ₹ $11{,}50{,}000$ (₹ $13{,}57{,}000 \times 100/118$). Since the total value of contract exclusive of GST exceeds ₹ $2{,}50{,}000$, TDS provisions shall apply in the present case and a total amount of ₹ 23,000 needs to be deducted as TDS (₹ 11,500 pertaining to CGST & SGST each). The fact that the payment is being made by PSU in 5 equal instalments is of no relevance.

· The amount of TDS deducted by payee needs to be deposited to the Government account on monthly basis by 10^{th} day of the succeeding month.

Question 8

Indian Railways (a department falling under the jurisdiction of Central Government) is engaged in providing services relating to transportation of good's and passengers by rait. The users of the transportation services provided by Indian Railways are not only individual passengers, but also businesses. Indian Railways has supplied transportation services to PSUs like NTPC, Coal India, SAIL, etc. Whether TDS is to be deduced by PSUS availing railway transportation services?

Answer:

Supply of goods or services or both which takes place between specified/notified categories of tax deductors has been exempted from requirement of tax deduction. In the given facts, Indian Railways (department of CG) is supplying service to PSUs. Both the supplier and recipient being specified/notified category of tax deductors, no requirement of tax deduction in respect of such supply shall arise.

Question 9

Mudit Enterprises, registered in the State of Maharashtra (Mumbai) is engaged in supply of various goods and services exclusively to persons notified u/s SI of the CGST Act, 2017. Calculate the amount of TDS to be deducted by the recipient, if any, from the details given below of three independent contracts for the month of March 2024.

Particulars	Contracts		
	I	II	III
Place of supply	Mumbai	Mumbai	Mumbai
Registered place of recipient	Mumbai	Mumbai	Delhi
Total contract value (inclusive of GST) (₹)	2,75,000	3,10,000	4,50,000
Payment due in March 2024 (exclusive of GST) (₹)	55,000	60,000	1,20,000

Note: Take the rate of CGST, SGST and IGST as 6%, 6% and 12% respectively.

Answer:

TDS would be deducted @ 1% under CGST Act and 1% under SGST/UTGST Act or 2% under IGST Act as the case may be, of the payment made to the supplier where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding the amount of GST indicated in the invoice). Thus, individual supplies may be less than ₹ $2{,}50{,}000$ but if the value of supply under a contract is more than ₹ $2{,}50{,}000$, TDS will have to be deducted as per rates prescribed.

Case I - Value of Contract Exclusive of GST Is ₹ $2{,}45{,}536$ (₹ $2{,}75{,}000 \times 100/112$): Since the total value of supply under the contract is not exceeding ₹ $2{,}50{,}000$, tax is not required to be deducted on amount of ₹ 55,000 paid in March 2024.

Case II. - Value of contract Exclusive of GST Is ₹ $2{,}76{,}786$ (₹ $3{,}10{,}000 \times 100/112$): since the total value of supply under the contract is exceeding ₹ $2{,}50{,}000$, tax is required to be deducted on amount of ₹ 60,000 paid in March 2024. TDS @ 1% under CGST Act and 1% under SGST Act shall

be deducted because this is an intra-state transaction (since the place of supply and location of supplier is in the same State). Hence, TDS would be ₹ 600 (CGST) and ₹ 600 (SGST).

Case III: Section SI of CGST Act, 2017 lays down that where the location of the supplier and the place of supply is in a State which is different from the State/Union Territory of registration of the recipient, there will be no TDS. Since the location of the supplier and the place of supply is in Mumbai and the location of the recipient is in a different State (ie, Delhi), no tax is liable to be deducted in the given case on amount of ₹ 1,20,000 paid in March 2024.

Question 10

From the following information of independent cases, your expert advice, with appropriate reasoning, is sought on the applicability of TDS provisions of CGST Act, 2017. You shall also quantify the amount of TDS, if the same is applicable.

a) M/s Super Builders, a registered supplier in Tamil Nadu, was awarded a works contract by Government of Tamil Nadu amounting to ₹ 4,30,000. Of this, value of exempt supply was ₹ $1,00,000$.

b) Tasty Caterers, a registered supplier of Kerala, provided catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its staff. Value of said services was ₹ 4,50,000.

Answer:

a) In given facts, supplier has made intra-state supply of works contract services to Government which is specified category of recipient liable to deduct tax at source. The supply involves supply of exempt goods of value of ₹ $1,00,000$ and supply of taxable goods of value of ₹ $3,30,000$. It shall be noted that TDS is required to be deducted on taxable goods or services only and not on supply of exempted goods or services. Since the GST exclusive value of taxable supply (ie, ₹ $3,30,000$) is above the threshold limit of ₹ $2,50,000$, TDS provisions shall apply. The applicable TDS (CGST) would be ₹ $3,30,000 \times 1\%$ = ₹ 3,300 and similarly, the applicable TDS (SGST) would be ₹ $3,30,000 \times 1\% = ₹3,300$.

b) In the given case, supplier is located in Kerala. The place of supply shall be determined in terms of section 12(4) of IGST Act according to which place of supply shall be the place of performance, which in instant case is Kochi, Kerala. Thus, supplier located in Kerala has supplied catering services in Kerala which is an intra-state supply in terms of section 8 of IGST Act. The recipient of the services is Government of Andhra Pradesh, which is specified category of recipient liable to deduct tax at source. Also, the GST exclusive value of supply is ₹ $4,50,000$ which is above the threshold limit of ₹ $2,50,000$. However, Section SI of CGST Act specifically provides that where supplier and place of supply is located in state other than the state in which recipient is located, then provisions of tax deduction shall not be applicable. Accordingly, in given situation, Government of Andhra Pradesh is not required to make any deduction.

Question 11

Yash Shoppers, a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to government departments, agencies, local authority and persons notified u/s 51.

You are required to determine the amount of tax, if any, to be deducted from each of the receivables given below (independent cases) assuming that the payments as per the contract values are made on 31^{st} October. The rates of CGST, SGST and IGST may be assumed to be $6\%, 6\%$ and 12% respectively.

· Supply of computer stationery to Public Sector Undertaking (PSU) located & registered in Mumbai. Total contract value is ₹ $2,72,000$ (inclusive of GST).

· Supply of air conditioner to GST department located & registered in Delhi. Total contract value is ₹2,55,000 (exclusive of GST).

· Supply of generator renting service to Municipal Corporation of Jaipur (not exempt under GST law). Total contract value is ₹ $3,50,000$ (inclusive of GST).

Answer:

S.No.	Particulars	Total Contract Value [Excluding GST] (₹)	Tax To Be Deducted		
			CGST @ 1% (₹)	SGST @ 1% (₹)	IGST @ 2% (₹)
(i)	Supply of computer stationery to PSU in Mumbai {No TDS since the total value of supply under the contract excluding IGST (being inter-state supply) does not exceed ₹ 2,50,000}	2,42,857 {2,72,000 × 100/112}	-	-	-
(ii)	Supply of air conditioner to GST Department in Delhi {Since the total value of supply under the contract excluding IGST (being inter-state supply) exceeds ₹ $2,50,000$, tax is required to be deducted?	2,55,000	-	-	5,100
(iii)	Supply of a generator renting service to Municipal Corporation of Jaipur {Since the total value of supply under the contract excluding CGST and SGST (being intra-state supply) exceeds ₹ $2,50,000$, tax is required to be deducted?	3,12,500 {3,50,000 × 100/112}	3,125	3,125	-
Total			3,125	3,125	5,100

Question 12

A TDS Deductor has not paid the TDS deducted in the month of February 2024, amounting to ₹$2,00,000$ under CGST and ₹ $2,00,000$ under SGST, to the Government's account on the relevant due date, but has paid the same on 14^{th} May 2024. Further, TDS return for

that month is also filed on 14^{th} May 2024. What are the consequences of such failures under GST law?

Answer:

Section SI of CGST Act provides that tax deductor shall remit/deposit TDS deducted during a particular month by the 10^{th} day of the succeeding month. This remittance shall take place with filing of return in Form GSTR-7. Any failure to pay TDS on time will attract interest liability @ 18% p.a. Further, late furnishing of TDS return will attract late fees as provided for u/s sec 47 of CGST Act, ie ₹ 25 per day of default subject to maximum of ₹ 1,000.

Particulars	Due-Date	Actual Date of Payment	Period of Delay	Applicable Interest & Late Fee	
Belated Payment of TDS	〖10〗 ^"th " March 2024	14 ^"th " May 2024	65 days	Interest (CGST)	₹ 2,00,000 * 18% * 65/365 = ₹ 6,411
				Interest (SGST)	₹ 2,00,000 * 18% * 65/365 = ₹ 6,411
				Total	₹ 12,822
Belated Submission Of GSTR-7	10^{th} March 2024	14^{th} May 2024	65 days	Late Fees (CGST)	65 Days * ₹ 25/Day = ₹ 1,625 (Subject To Max ₹ 1,000) = ₹ 1,000
				Late Fees (SGST)	65 Days * ₹ 25/Day = ₹1,625 (Subject To Max ₹ 1,000) = ₹ 1,000
				Total	₹ 2,000

Question 13

Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with Andhra Pradesh Govt (registered only in Andhra Pradesh). The total contract value inclusive of GST is ₹ 15,50,000 and payment for the same is due in October 2023. You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as $9\%, 9\%$ and 18% respectively. Will your answer be different, if Ramlala Enterprises is registered under composition scheme?

Answer:

• Section 51 of the CGST Act, 2017 requires specified persons to deduct TDS from the payment made/credited to the supplier of taxable goods or services or both, where the total value of such supply under a contract exceeds ₹ 2,50,000. However, no tax shall be deducted if the location of the supplier and the place of supply is in a State/UT which is different from the State/UT of registration of the recipient.

· Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration services, in the present case, shall be Delhi..

· Since the location of the supplier (ie, Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient (ie, Government of Andhra Pradesh) is Andhra Pradesh, no tax is liable to be deducted in the given case.

· The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme.

Question 14

X booked a Hotel in Udaipur, Rajasthan through an e-commerce portal for an amount of $₹25,000$. As per the terms and conditions, the amount was payable at the hotel at the time of check in. Whether TCS provisions shall apply in the present case?

Answer:

As per the provisions of Section S2 of the CGST Act, 2017, TCS provisions shall apply only when the ECO is receiving the consideration for supply from the recipient of supply. In the present case, the supplier (ie, the hotel) is directly receiving the consideration from the recipient of the services (ie, Mr X). Hence, TCS provisions shall not apply in the present case.

Question 15

AB Education Pvt Ltd is effecting supplies through E-comm Ltd (an Electronic Commerce Operator). It has made the following supplies during December 2023 through E-Comm Ltd:

Particulars	Supply (₹)	Returns, If Any (₹)
Supply of goods taxable @ 12%	5,00,000	50,000
Supply of goods taxable at nil rate	2,00,000	20,000
Supply of housekeeping services {Covered us 9(5) of GGST Act}	50,000	
Supply of other services	1,50,000	

Determine the amount of tax to be collected at source by E-Comm Ltd.

Answer:

Statement Showing Computation of Tax To Be Collected At Source:

Particulars	Amount (₹)

Supplies of goods taxable @ 12% (Net of returns)	4,50,000
Supply of goods taxable at nil rate (Not liable to TCS, as it is exempted)	-
Housekeeping services {Not liable to TCS, as it falls u/s $9(5)$ & GST is payable by E-comm Ltd}	-
Other services (Liable to TCS)	1,50,000
Amount on Which Tax Is To Be collected At Source	6,00,000
Amount of TCS {@0.25% CGST and @0.25% SGST}	3,000



CHAPTER 15 RETURNS UNDER GST

Question 1

Mr X, a regular taxpayer, did not make any taxable supply during July 2023. Is he required to file GSTR-3B?

Answer:

A regular taxpayer is required to furnish a return u's 39 for every month even if no supplies have been effected during such period. In other words, filing of Nil GSTR-3B is also mandatory. Therefore, Mr X is required to file GSTR-3B even if he did not make any taxable supply during July 2023.

Question 2

If a return has been filed, how can it be revised if some changes are required to be made?

Answer:

In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/credit notes. Instead of revising the return already submitted, the system allows changing the details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR-1 in the tables specifically provided for the purposes of amending previously declared details.

As per section 39(9), omission or incorrect particulars discovered in the return filed u/s 39 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest. The rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR-1. However, no such rectification of any omission or incorrect particulars is allowed after 30^{th} November of the succeeding financial year or the actual date of furnishing of relevant annual return, whichever is earlier.

Question 3

M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of ₹ 30 lakhs in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its statement of outward supplies (GSTR-1) on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s Cavenon Enterprises on the same.

Answer:

Section 37 stipulates that GSTR-1 is required to be filed on monthly basis by 10^{th} day of the immediately succeeding month (practically, extended to 11th day of the immediately succeeding month). However, presently, as a measure of easing the compliance requirement for small taxpayers, the details of outward supplies of goods or services or both to a registered person can be furnished, for the first and second months of a quarter, up to a cumulative value of ₹SOL in each of the months, using invoice furnishing facility (IFF) electronically on the common portal, from the 1^{st} day of the month succeeding such month till the 13^{th} day of the said month. The taxpayers opting for furnishing details of outward supply on quarterly basis can file GSTR-1 on quarterly basis. The option to file return on quarterly basis is available for taxpayers having aggregate turnover up to ₹5 crores in preceding financial year.

In view of the same, M/s Cavenon Enterprises can file its GSTR-1 on quarterly basis if it has opted to furnish the outward supply related details on quarterly basis and filing IFF on monthly basis as its aggregate turnover does not exceed ₹ 5 crore in the preceding financial year.

Question 4

Mr Kohli is a registered supplier in the State of Gujarat. He is filing GSTR-1 every month. During the month of February, he went out of India and thus, could not do any business transaction during that month. He believes that as there is no transaction, there is no need to file GSTR-1 for the month of February. Is he correct? Explain.

Answer:

No, Mr Kohli is not correct. GSTR-1 needs to be filed even if there is no business activity in the tax period. Therefore, in the given case, even though Mr Kohli was out of India and thus, could not do any business transaction during the month of February, he is still required to file GSTR-1 for that month.

Question 5

Mr Kalpesh is a registered dealer in Kerala paying tax under composition levy from 1^{st} April. However, he opts to pay tax under regular scheme from 1^{st} December. Is he liable to file GSTR-4 for the month of November? Discuss.

Answer:

Where a taxpayer opts to withdraw from the composition scheme, he has to file GSTR-4 for the period prior to his opting for payment of tax under regular scheme. Therefore, in the given case, Mr Kalpesh is liable to file GSTR-4 for the month of November since he was paying tax under composition scheme during the month of November:

Question 6

Mrs Zarina, a registered dealer in Rajasthan, did not file GSTR-3B for the month of June but she wants to file GSTR-3B for the month of July. Is it possible? Answer with reference to Section 39 of the CGST Act.

Answer:

As per Section 39, a registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him. Therefore, in the given case, Mrs Zarina cannot file GSTR-3B for July if she has not filed GSTR-3B for the preceding month, ie, June.

Question 7

Mr X has not made any outward supply during the month of September. However, Mr X has procured certain input services during the month. Mr X is of the opinion that he can file Nil GSTR-3B for the month of September through SMS. Whether the understanding of Mr X is correct? Explain.

Answer:

Nil GSTR-3B means that the return has nil or no entry in all its Tables. Since in the present case Mr x has received certain input services, he cannot file Nil GSTR-3B through SMS as the said input services will need to be disclosed in the Table for Eligible ITC in GSTR-3B.

Question 8

Mr A is a Chartered Accountant in practice and is registered under GST. On a query regarding return filing process by a potential client, Mr A has represented him as a GST practitioner. Mr A is of the view that since he is a qualified chartered Accountant with a GST registration in the name of his proprietorship firm, he also qualifies as GST practitioner. Is the understanding of Mr A correct? Discuss.

Answer:

The understanding of Mr A is not correct. A Chartered Accountant can become a GST practitioner (GSTP). However, holding a certificate of practice as a Chartered Accountant and having GST registration does not imply that such Chartered Accountant is a GST practitioner as well. For becoming a GSTP, even a chartered Accountant in practice has to follow the enrolment process of GSTP as provided under the GST law and only upon approval of such enrolment can a chartered Accountant represent himself as a GSTP.

Question 9

Quicktax, a GST return filing service provider, has asked its clients to provide the scanned copies of the tax invoices issued to B2B customers for uploading on the GST portal and filing the return. Whether the process followed by Quicktax is correct?

Answer:

No, the process followed by Quicktax is not correct. The registered persons supplying goods or services to B2B customers are required to upload the invoice wise details of supplies made during the tax period. However, there is no requirement to upload the scanned copies of the invoices issued to the customers on the GST portal at the time of filing returns. Only information required as per GST returns is to be captured in the return filing utility and the same is to be uploaded on the GST portal and not the scanned copies of the actual invoices.

Question 10

XLtd is winding up its business in Rajasthan. The Tax Consultant of XLtd has suggested that XLtd will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the State of Rajasthan. Do you agree with the stand taken by Tax Consultant of × Ltd ? Offer your comments.

Answer:

No, the stand taken by Tax Consultant of xLtd is not correct. Annual return is required to be filed by every registered person paying tax as a normal taxpayer. Final return is filed by the registered persons who have applied for cancellation of registration within three months of the date of cancellation or the date of cancellation order, whichever is later.

In the given case, X Ltd, a registered person, is winding up its business and has thus, applied for cancellation of registration. Therefore, it is required to file both annual return and final return.

Question 11

Mr Sameer a registered person under GST, is unable to file GSTR-I, reason being showed that tax payable under GSTR-1 which has been filed in respect of last tax period exceeds the tax payable under GSTR-3B which has been filed for the corresponding tax period. Explain the procedure to be followed by the department and Mr Sameer for the same as per the provisions of Rule 88C of the CGST Rules 2017.

Answer

Refer the relevant legal portion given in the book



GST Comprehensive Q&A

Question 1

Evershine Pvt Ltd, a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September 2023:

(A) Details of outward Supplies:

(1) Supply of goods of ₹18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of sapply.

(2) Supply of goods worth ₹ 35,00,000 to Calc. Exim, a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.

(3) Supply of services to Sunshine Ltd, a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.

(4) It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt Ltd to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

(1) Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd, a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.

(2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ PVt Ltd, a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income Tax Act 1961 on full value of the machine, including the GST component.

(3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is CGST 14%, SGST 14%, IGST 28%.

(4) Purchased car (having seating capacity of 7 persons) costing ₹ 10,00,000 excluding GST from Mihir Automobiles PVt Ltd, a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car is CGST 14%, SGST 14%, IGST 28%.

(5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt Ltd, a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt Ltd.

Opening balance of ITC as on the beginning of September 2023: CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST 18%, except where otherwise provided.

Notes:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.

(iii) All inward supplies are used for taxable goods only.

(iv) Brief and suitable notes should form part of your answer.

Calculate the amount of net minimum GST payable in cash by Evershine Pvt Ltd for the month of September, 2023.

Answer

Computation of Minimum Net GST Payable In Cash By Evershine Pvt Ltd For The Month of September 2023:

Particulars	Value of Supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Outward intra-state supply of goods to Vaidehi Enterprises {The transaction would qualify as intra-state supply because goods are being supplied in the same state. Since arranging freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply}	18,50,000	1,66,500	1,66,500	Nil
Outward inter-state supply of goods to Calc Exim {The transaction would qualify as inter-state supply because goods are being supplied by the supplier outside his own state. Further, municipal tax charged separately is includible in value since it is a tax levied under a law other than GST law}	35,60,000	Nil	Nil	6,40,800
Outward intra-state supply to Sunshine Ltd {The transaction would qualify as intra-state supply because services are being supplied to a person located in the same state. Discount given at the time of supply is deductible from the value since it is being duly recorded in the invoice?	5,70,000	51,300	51,300	Nil
Outward inter-state supply to Raghu Enterprise {Place of supply in case of bill to ship model is principal place of business of the billing party at whose instructions the goods are being delivered by the supplier to recipient. In the present case, the place of supply shall be Mumbai, Maharashtra and thus, the transaction would qualify as an inter-state supply}	2,00,000	Nil	Nil	36,000

Total Output Tax	2,17,800	2,17,800	6,76,800
Less: ITC available			
• IGST credit to be utilized first towards payment of IGST	Nil	Nil	(4,17,000)
• CGST credit utilized for payment of CGST and IGST in that order	(2,17,800)	Nil	(12,200)
• SGST credit utilized for payment of SGST and IGST in that order	Nil	(2,17,800)	(42,200)
Minimum Net GST Payable In Cash	Nil	Nil	2,05,400

Working Note - Computation of ITC Available:

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening Balance		20,000	50,000	75,000
Inter-state purchase of raw material **{ITC is not available on goods worth ₹ 1,00;000 since not received during the month}**	19,00,000	Nil	Nil	3,42,000 {19 L × 18%}
Purchase of machinery **{ITC is not available since depreciation has been claimed on the GST component}**	2,00,000	Nil	Nil	Nil
Intra-state purchase of truck **{ITC on motor vehicles used for transportation of goods is available}**	15,00,000	2,10,000 {15L × 14%}	2,10,000 {15 L × 14%}	Nil
Purchase of car **{ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver) is blocked, except when used for specified purposes}**	10,00,000	Nil	Nil	Nil
Purchase of goods for construction of an additional floor {ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is blocked if capitalized in the books}	5,00,000	Nil	Nil	Nil
Total ITC		2,30,000	2,60,000	4,17,000

Question 2

Miss Nitya (proprietor of M/s Honest Enterprises), a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2023:

S.No.	Particulars	Amount (₹)
Outward Supply:		
(i)	Intra-state supply of goods to M/s Natural & Sons	7,00,000
(ii)	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
(iii)	Provided inter-state supply of sponsorship service to XYZ Ltd of Chennai	80,000
(iv)	Advance received for future supply of management consultancy service to Mr Sharad (Intra-state supply)	40,000
Inward Supply (Intra-State):		
(i)	Purchase of taxable goods from registered suppliers	8,00,000
(ii)	Availed works contract service for repair of office building. Amount of repair was debited in the P&L A/c	30,000
(iii)	Availed legal service from an advocate to represent the matter in the court relating to collection of disputed proceed from customers.	50,000

Notes:

(i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(ii) Both inward and outward supplies given above are exclusive of taxes.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

(iv) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s Honest Enterprises for the month of December 2023.

Answer

Computation of Net GST Payable In Cash By M/s Honest Enterprises For The Month of December 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-state supply of goods to M/s Natural & Sons	17,500 [7L × 2.5%]	17,500 [7L × 2.5%]	-
Outward intra-state transfer of goods to another branch registered under the same GSTIN {Transfer of goods between two locations registered under the same GSTIN doesn't qualify as supply, since for a transaction to qualify as supply, the transaction should take place between two separately registered persons under GST law?	Not A Supply	Not A Supply	-
Outward inter-state supply of sponsorship services to XYZ Ltd of Chennai {Sponsorship services are covered under RCM where the said services are provided to a partnership firm or a body corporate. In the present case, since sponsorship services are being provided to XYZ Ltd (a company), tax on such services needs to be paid by XYZ Ltd under RCM}	-	-	Recipient To Pay Tax Under RCM
Advance received for future supply of management consultancy service to Mr Sharad (Intra-state supply) **Sin case of supply of services, advances are taxable as and when they are received. Therefore, on the advance amount of ₹ 40,000 received in the month of December 2023, tax needs to be paid on the said amount in December 2023 itself even though the services will be provided in future?**	3,600. [40,000 × 9%]	3,600 [40,000 × 9%]	-
Total Output Tax	21,100	21,100	-
Less: Input Tax Credit {CGST credit set-off against CGST liability and SGST credit set-off against SGST liability}	(21,100)	(21,100)	-
Net GST Payable In Cash (FCM Liability)	Nil	Nil	Nil
RCM Liability On Legal Services To Be Discharged In Cash	4,500	4,500	Nil

Working Note - Computation Of ITC Available:

Particulars	CGST (₹)	SGST (₹)
Intra-state purchase of taxable goods from registered suppliers {ITC is available as the goods are used in the course of furtherance of business}	20,000 [8 L × 2.5%]	20,000 [8 L × 2.5%]
Intra-state procurement of works contract service for repair of office building. Amount of repair was debited in the P&L A/C **{ITC on works contract services in connection with construction of immovable property is blocked. The word 'construction' includes repairs where the repairs are capitalized. In the present case, repairs qualify as 'revenue repairs' and not as 'capital repairs' since the amount of repairs is debited to P&L A/C. Therefore, ITC shall be available in the present case as revenue repairs of immovable property are outside the scope of 'blocked credits' as explained u/s 17(5) of CGST Act}**	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]
Intra-state procurement of legal services from an advocate to represent a business related matter {Tax is payable under RCM where legal services are obtained by a registered business entity from any advocate. Therefore, in the present case, tax on such services needs to be paid by M/s Honest Enterprises under RCM. Further, ITC is also available on such legal services as these are used in the course or furtherance of business ?	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]
Total ITC Available Less: ITC Utilized For Discharging FCM Liability	27,200 (21,100)	27,200 (21,100)
ITC To Be C/f To January 2024	6,100	6,100

Question 3

Jino Enterprises, a partnership firm is a regular taxable person registered in Guwahati, Assam and is engaged in supply of air-conditioners and its accessories as well as air-conditioned repairing services. Details of their various activities for the month of October 2023 are as follows:

(i) Intra-state supply of air-conditioner to customers in Assam; freight is separately charged in invoices for delivery of goods at customer's doorstep.

Value of goods	**₹4,00,000**
Value of freight charges charged separately in above invoices	₹1,00,000

(ii) Intra-state supply of repairing services wherein apart from charging service charges, cost of parts/spares provided to customers is also charged and consideration for the same is separately mentioned in the invoices.

Value of services component of invoices	**₹ 3,00,000**
Value of parts/spares component in invoices	₹50,000

(iii) In order to enhance their sales and to clear the stock of old models of air-conditioner, Jino Enterprises made combo offers to customers wherein, if a customer purchases an air-conditioner along with a stabilizer, the same is offered at a combo price of ₹ 20,000 as against the original price of ₹ 30,000 (air-conditioner ₹ 22,000 & stabilizer ₹ 8,000) if these are purchased separately. During October 2023, Jino Enterprises had made inter-state supply of 10 numbers of such combo products.

(iv) Purchased business class air tickets for intra state travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam for its executive employees relating to business of the concern. Basic Air fare was ₹ 40,000 and airlines charges GST @ 2.5% CGST, SGST each on basic freight, in case the same is applicable.

Additional Information:

(a) All the figures mentioned above are exclusive of taxes.

(b) In respect of few of the invoices relating to FY 2022 – 23, involving ITC of CGST ₹ 20,000, SGST of ₹ 20,000 & IGST ₹ 80,000 was not taken earlier. Jino Enterprises now want to avail credit in respect of such invoices in the current month.

(c) The rates of GST applicable on various supplies are as follows:

Nature of Supply	CGST	SGST	IGST
Air-Conditioner, Parts and Accessories (Except Stabilizers)	6%	6%	12%
Services	9%	9%	18%
Stabilizers	9%	9%	18%
Freight	6%	6%	12%

Calculate the amount of minimum CGST, SGST & IGST tax payable in cash by Jino Enterprises for the month of October 2023.

Note: Working Notes (legal provisions) should form part of your answer.

Answer

Computation of Net GST Payable In Cash By Jino Enterprises For The Month Of October 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-state supply of ACs to customers in Assam **{Where the supplier agrees to deliver the goods at the buyer's premises and arranges for transport, the contract of supply becomes a composite supply; the principal supply being the supply of goods. Therefore, outward freight becomes part of the value of the composite supply and GST is payable thereon at the same rate as applicable for the relevant goods.}**	30,000 [SL × 6%]	30,000 [SL × 6%]	-
Outward intra-state supply of repairing services **{Supply of repairing services wherein cost of parts/spares and service charges are separately mentioned in the invoices, can neither be regarded as composite supplies nor as mixed supplies, ie, all supplies carry independent significance. The value of parts/spares shall be taxed @ 6% CGST and 6% SGST whereas the value of service charges shall be taxed @ 9% CGST and 9% SGST.}**	30,000 [50,000 × 6% (+) 3L × 9%]	30,000 [50,000 × 6% (+) 3L × 9%]	-
Outward inter-state supply of ACs with stabilizers (20,000 × 10) **[Supply of ACs with stabilizers is a mixed supply. Being a mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 9% CGST and 9% SGST.]**	-	-	36,000 [2 L × 18%]
Total Output Tax	60,000	60,000	36,000
Less: Input Tax Credit [Refer Working. Note below]			
- IGST credit first utilized towards payment of IGST. Remaining amount utilized towards CGST and SGST in a manner which is most beneficial to the taxpayer	(39,000) IGST	(5,000) IGST	(36,000) IGST
- CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.	(21,000) CGST	(21,000) SGST	
Net GST Payable In Cash	Nil	34,000	Nil

Working Note - Computation of ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Business class air tickets for intra-state travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam **{Exemption would have been available if the ticket was booked for economy class; no exemption is available if the ticket is booked for business class. ITC is available as the services are used in the course of furtherance of business ?**	1,000 [40,000 x 2.5%]	1,000 [40,000 x 2.5%]	-
ITC on invoices pertaining to FY 2022-23 **{ITC on invoices pertaining to FY 2022-23 can be availed till 30th Nov 2023 or the date of filing of annual return for FY 2022-23, whichever is earlier. Assuming that the annual return for FY 2022-23 hasn't been filed till October 2023, ITC on invoices pertaining to FY 2022-23 can be availed in the month of October 2023}**	20,000	20,000	80,000
Total ITC Available	21,000	21,000	80,000

Question

Ajay Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2023:

S.No.	Particulars	Amount (₹)
(i)	Outward supply of goods made during the month to various non-related persons:	As given in particulars column

	Particulars	Market value (₹)	Transaction Value (₹)
(a)	in the State of Bihar (Intra-State)	3,00,000	4,00,000
(b)	to other States (Inter-State)	2,00,000	1,00,000

(ii)	Services provided to the State Government of Karnataka for conducting a computer training programme for its employees. Total expenditure incurred for the said programme was ₹ 90,000, of which ₹ 63,000 was borne by the State Govt (Inter-State transaction)	5,00,000
(iii)	Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value as per Section 15- ₹ 20,000 (Intra-State)	Nil
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices)	6,50,000

Additional Information:

(a) All the amounts given above are exclusive of taxes.

(b) During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2022 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2023. This invoice was issued by Mr Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra-State transaction).

(c) Rate of GST applicable on various supplies are as follows:

Nature of supply	CGST	SGST	IGST
Car rental service	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

(d) No opening balance of input tax credit exists in the beginning of the month.

(e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in - which invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR-2B for the month of January 2023, since the suppliers had filed their GSTR-1.

(f) Subject to the information given above, conditions necessary for claiming ITC were complied with.

You are required to calculate the amount of net GST liability payable in cash by Ajay Limited for the month of January 2023. Brief notes for treatment given for each item should form part of your answer.

Answer

Computation of Net GST Payable In Cash By Ajay Ltd For The Month of January 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar {Value of supply is the transaction value of the goods?	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	-

Outward supply of goods made to other States {Value of supply is the transaction value of the goods?	-	-	18,000 [1,00,000 × 18%]
Inter-State services provided to State Government of Karnataka for conducting a computer training programme **{Not exempt since the State Government has borne less than 75% of total expenditure of the training programme}**	-	-	90,000 [5,00,000 × 18%]
Intra-State stock transfer to Gaya Branch with separate registration {Supply of goods between distinct persons in course or furtherance of business qualifies as supply even if made without consideration}	1,800 [20,000 × 9%]	1,800 [20,000 × 9%]	-
Total Output Tax	37,800	37,800	1,08,000
Less: Input Tax Credit [Refer Working Note below] [CGST credit should be utilized for payment of CGST and IGST in that order. Similarly, SGST credit should be utilized for payment of SGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.]	(37,800) (CGST)	(37,800) (SGST)	(7,200)(CGST) (7,200)(SGST)
Net GST Payable In Cash	Nil	Nil	93,600

Working Note - Computation of ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services [₹ 6,50,000 - ₹1,50,000] **ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is not treated as valid document for claiming ITC}**	45,000 [SL × 9%]	45,000 [SL × 9%]	-
Cars taken on rental basis from Mr Mukesh **{Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge.** **Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month.** **Further, ITC on renting of motor car services received is blocked on the assumption that Ajay Ltd is not engaged in the same line of business, ie business of renting of cars}**	-	-	-
Total ITC Available	45,000	45,000	-

Question 5

Zeon Ltd, a GST registered supplier located in Ranchi, Jharkhand, is engaged in the manufacturing of washing machines & mixer grinders. It provides you the details of various activities undertaken during the month of September 2023 as follows:

S.No.	Particulars	Amount (₹)
(i)	Outward supplies made during the month: (a) Within Jharkhand - ₹ 24,00,000 (b) Outside Jharkhand - ₹ 5,00,000	29,00,000
(ii)	Purchase of raw materials from registered dealers within Jharkhand which includes materials worth ₹ 2,00,000 purchased from Mr Krishna, a registered person who is paying tax under composition scheme.	7,00,000
(iii)	Bus purchased from a registered dealer in Tatanagar, Jharkhand. Bus used to ferry its 25 workers to and from factory.	12,00,000

Assume the rates of GST applicable on various supplies as follows:

Nature of supply	CGST	SGST	IGST
Composition supplies	0.5%	0.5%	-
Bus	14%	14%	28%
Raw material	6%	6%	12%
Washing machines & mixer grinders	9%	9%	18%

Opening balances of input tax credit as on 01.09.2023 were as follows:

CGST (₹)	SGST (₹)	IGST (₹)
20,000	5,000	95,000

Notes:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Both inward & outward supplies within the State of Jharkhand are to be considered intra-State supplies and outside the State of Jharkhand are inter-State supplies.

(iii) Subject to information given above, all the other conditions necessary for availing ITC have been fulfilled. Calculate the amount of net minimum GST payable in cash by Zeon Ltd for the month of September 2023. Brief and suitable notes should form part of your answer.

Answer

Computation of Minimum Net GST Payable In Cash By Zeon Ltd (September 2023):

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward supplies made within Jharkhand	2,16,000 (24,00,000 × 9%)	2,16,000 (24,00,000 × 9%)	-
Outward supplies made outside Jharkhand	-	-	90,000 (5,00,000 × 18%)
Total Output Tax	2,16,000	2,16,000	90,000
Less: Input Tax Credit [Refer Working Note below]			
*** IGST credit be first utilized for payment of IGST liability. Remaining IGST credit has been utilized for payment of SGST liability since the SGST liability is to be kept at minimum.**		(5,000) IGST	(90,000) IGST
*** After exhausting IGST credit, CGST and SGST credit to be utilized. CGST credit to be utilized for payment of CGST and SGST credit to be utilized for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.**	(2,16,000) CGST	(2,03,000) SGST	-
Minimum Net GST payable In Cash	Nil	8,000	Nil
ITC To Be Carried Forward Next Month	2,000	Nil	Nil

Working Note - Computation of ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance	20,000	5,000	95,000
Purchase of raw materials from registered dealers within Jharkhand [₹ 7L - ₹ 2L] {ITC on purchases of goods worth ₹ 2,00,000 on which tax has been paid under composition scheme is blocked. ITC on remaining purchases worth ₹ 5,00,000 is available, being supply of goods used/intended to be used in the course/furtherance of business}	30,000 (5 L × 6%)	30,000 (SL × 6%)	—
Bus purchased from dealer in Jharkhand used to ferry 25 workers to and from factory {ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed}	1,68,000 (121 × 14%)	1,68,000 (121 × 14%)	-
Total ITC Available	2,18,000	2,03,000	95,000

Question 6

X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of ACs of capacity 1.5 Ton in the month of October 2023 of quantity of more than 50 units will entitle them for 10% discount. Inter-state supply made during the month of October 2023 is ₹ 50,00,000. Details of intra-state supply:

Particulars	Amount (₹)
Supply of Microwave Oven	15,00,000
Supply of Refrigerators with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizer is 18% (9% CGST & 9% SGST)	40,00,000
Supply of ACs of capacity 1.5 Ton @ ₹ 50,000 per Air Conditioner. X Electronics made supply of ACs to only one dealer named Mr L.	50,00,000

Intra-state inward supplies are:

Particulars	Amount (₹)
Raw material	20,00,000
Paid gym membership for employees {Not obligatory for x Electronics under any law}	50,000
Truck purchased for transportation of goods	30,00,000

Opening Balance of ITC: CGST: ₹ 58,000 ; SGST: ₹ 70,000 ; IGST: ₹ 10,00,000

Note: Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward & outward supplies except where specifically provided. Both inward and outward supplies are exclusive of taxes. All the conditions for availing the ITC have been fulfilled.

Compute the net GST payable in cash by X Electronics for the month of October 2023.

Answer

Computation of Net GST payable in Cash By X Electronics (October 2023):

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
1-Intra-State Supply:				
Supply of microwave oven	15,00,000	1,35,000	1,35,000	-
Supply of refrigerators with stabilizers {Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST}	40,00,000	5,60,000	5,60,000	-
Supply of 100 ACs (₹ 50 L /₹ 50,000) {Since 100 ACs have been supplied, discount @ 10% will be available}	45,00,000 (₹ 50 L × 90%)	4,05,000	4,05,000	-
II - Inter-State Supply:	50,00,000	-	-	9,00,000
Total Output Tax Liability		11,00,000	11,00,000	9,00,000
Less: Input Tax Credit (Refer Working Note below)				
- IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion.		1,00,000 (IGST)	-	9,00,000 (IGST)
- CGST credit set-off against CGST liability and SGST credit set-off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.		5,08,000 (CGST)	5,20,000 (SGST)	-
Net GST Liability Payable In Cash		4,92,000	5,80,000	Nil

Working Note - Computation of ITC Available With × Electronics:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC		58,000	70,000	10,00,000
Raw material	20,00,000	1,80,000	1,80,000	-
Gym membership for employees {ITC on membership of a health and fitness centre is blocked if there is no statutory obligation for the employer to provide the same}	50,000	Nil	Nil	-
Truck purchased for transportation of goods {ITC on motor vehicles used for transportation of goods is not blocked?	30,00,000	2,70,000	2,70,000	-
Total ITC		5,08,000	5,20,000	10,00,000

Note: In the above answer, tax payable in cash has been computed by setting-off the IGST credit against CGST liability. However, since IGST credit can be set-off against CGST and SGST liability in any order and in any proportion, the same can be set-off against CGST and/or SGST liabilities in different other ways as well. In all such cases, net CGST and net SGST payable in cash will differ though the total amount of net GST payable (₹ 10,72,000) in cash will remain the same.

Question 7

Star Ltd, a registered supplier in Karnataka has provided the following details for supply of one machine:

	Particulars	Amount (₹)
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000
(2)	Tax levied by Local Authority on sale of such machine	6,000

(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)	
(4)	Packing expenses for safe transportation charged separately in the invoice	4,000

Star Ltd received ₹ 5,000 as subsidy from a NGO on sale of each such machine. The price of ₹ 80,000 of the machine is after considering such subsidy. During the month of February 2023, Star Ltd supplied three machines to Intra-State customers and one machine to Inter-State customer.

Star Ltd purchased inputs (intra-state) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month. Balance of ITC at the beginning of February 2023 was:

CGST	SGST	IGST
₹ 18,000	₹ 4,000	₹ 26,000

Notes:

(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively for both inward and outward supplies.

(ii) All the amounts given above are exclusive of GST.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum net GST payable in cash by Star Ltd for the month of February 2023.

Answer

Computation of Value of Taxable Supply:

Particulars	**Amount (₹)**
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine {Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act?	6,000
Add: Packing expenses for safe transportation {Includible in the value as per section Is of the CGST Act}	4,000
Add: Subsidy received from a NGO on sale of each machine {Subsidy received from a non-government body and which is directly linked to the price, the same is included in the value in terms of section IS of CGST Act?	5,000
Total	95,000
Less: Discount @ 2% on ₹ 80,000. {Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act?	(1,600)
Value of Taxable Supply	93,400

Computation of Minimum Net GST Payable In Cash By Star Ltd:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Sale of machine **Intra-State sales = ₹93,400 × 3 machines = ₹2,80,200** **Inter-State sales = ₹93,400 × 1 machine = ₹93,400**	25,218 (2,80,200 × 9%)	25,218 (2,80,200 × 9%)	16,812 (93,400 × 18%)
Total Output Tax	25,218	25,218	16,812
Less: Set-off of IGST against IGST and SGST {IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion?	-	(9,188)	(16,812)
Less: Set-off of CGST against CGST and SGST against SGST {CGST credit cannot be utilized towards payment of SGST and vice versa}	(25,218)	(14,800)	-
Minimum Net GST Payable In Cash	Nil	1,230	Nil

Working Note - Computation of Total ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000
Add: inputs purchased during the month	10,800[1.21 × 9%]	10,800[1.21 × 9%]	
Total ITC Available	28,800	14,800	26,000

Question 8

Girish Trading Private Limited, a body corporate registered in the State of West Bengal, pays GST under the regular scheme. It is not eligible for any threshold exemption. The company has provided the following information regarding its outward taxable supplies for the month of May 2023:

· Intra-state supply of goods - ₹ 50,00,000

· Inter-state supply of goods - ₹ 22,00,000

Following are the details of inward taxable supplies received during the month of May 2023:

· Intra-state purchase of goods from Registered Supplier - ₹ 6,10,000

· Inter-state purchase of goods from Registered Supplier - ₹ 16,00,000

Additional Information:

· The Company has no brought forward ITC credit for the month of May 2023.

· Girish Trading Private Limited had additionally collected ₹ 1,000 as penalty for delay in payment by one of his customers (Not included in value of outward supplies mentioned above).

· The company has paid ₹ 12,000 (intra-state supply) as rent for hiring of a motor vehicle for the business use by one of its directors for the month of March 2023 (Not included in value of inward supplies mentioned above). Invoice for the same dated 7th April 2023 was received in the month of April 2023.

· The Company had placed an order for receiving goods (intra-state supply) worth ₹ 1,10,000 latest by 30th May 2023. However, due to vehicle breakdown, the goods were delivered only on 1st June 2023. Invoice was received on 31st May 2023 (Included in value of inward supplies mentioned above).

Notes:

· Applicable Rate of CGST, SGST and IGST is 9%, 9% and 18% respectively.

· Amount of inward and outward supplies stated above are exclusive of taxes.

Compute the net GST liability (CGST, SGST, IGST) of Girish Trading Private Limited for the month of May 2023.

Answer

Computation of Net GST Liability of Girish Trading Private Limited (May 2023):

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output Tax:			
Intra-state supply of goods	4,50,000 (₹ 50 L × 9%)	4,50,000 (₹ 50 L × 9%)	-
Inter-state supply of goods	-	-	3,96,000 (₹ 22 L × 18%)
Penalty on delayed payment **{Includible in value in terms of section 15 of the CGST Act; it has been assumed that the amount of penalty collected is inclusive of GST}**	-	-	153 (₹ 1,000 × 18/ 118)
Total Output Tax (A)	4,50,000	4,50,000	3,96,153
Input Tax:			
Intra-state purchase of goods ₹ SL(6,10,000 − 1,10,000) **{ITC on goods worth ₹ 1,10,000 is not available as such goods are not received in the month of May}**	45,000 (₹ 5 L × 9%)	45,000 (₹ 5 L × 9%)	-
Inter-state purchase of goods	-	-	2,88,000 (₹ 16 L × 18%)
Rent paid for hiring of a motor vehicle {ITC blocked in terms of section 17 of the CGST Act, 2017}	-	-	-
Total ITC (B)	45,000	45,000	2,88,000
Net GST Liability {(A) − (B)}	4,05,000	4,05,000	1,08,153

Question 9

KNK Ltd, a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January 2023 are as follows:

S.No.	Particulars	Amount (₹)
(i)	Inter-state taxable supply of goods	85,00,000
(ii)	Intra-state taxable supply of goods	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January 2023 are as follows:

S.No.	Particulars	CGST Paid (₹)	SGST Paid (₹)

(i)	Raw-Materials A (of which 70% of inputs procured were used and 30% were in stock at the end of the January 2023)	60,000	60,000
(ii)	Raw-Materials B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance charges paid for trucks used for transportation of goods	55,000	55,000

Additional Information:

(i) There is no opening balance of any Input Tax Credit and all the conditions necessary for availing ITC have been fulfilled.

(ii) Details of GST paid on inward supplies are available in GSTR-2B except for item (i) ie, Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2023, hence corresponding Input Tax Credit (ITC) is not reflecting in GSTR-2B of KNK Ltd in January 2023.

Compute the following:

(i) Amount of eligible Input Tax Credit (ITC) available for the month of January 2023.

(ii) Net minimum GST payable in Cash, for the month of January 2023 after using available Input Tax Credit.

Working notes should form part of your answer.

Answer

Computation of Amount of Eligible ITC Available (January 2023):

S.No.	Particulars	CGST (₹)	SGST (₹)
(i)	Raw Materials A {Corresponding invoices not uploaded by the supplier}	Nil	Nil
(ii)	Raw Materials B (90%) {ITC on goods destroyed is blocked u/s I7 of the CGST Act, 2017}	45,000	45,000
(iii)	Construction of pipelines laid outside the factory premises {ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises are excluded from the definition of plant and machinery and hence, ITC thereon is blocked}	Nil	Nil
(iv)	Insurance charges paid for trucks used for transportation of goods {ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed}	55,000	55,000
Total Eligible ITC		1,00,000	1,00,000

Computation of Minimum Net GST Payable In Cash (January 2023):

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Inter-state outward supplies	85,00,000	-	-	15,30,000
Intra-state outward supplies	15,00,000	1,35,000	1,35,000	-
Total Output Tax Payable		1,35,000	1,35,000	15,30,000
Less: Set-off of CGST and SGST credit against CGST and SGST liability respectively		(1,00,000)	(1,00,000)	-
Minimum Net GST Payable In Cash		35,000	35,000	15,30,000

Question 10

M/s Grey, a registered taxable person under regular scheme, provides the following information in respect of supplies made by it during the month of April 2023:

S.No	Particulars	Amount (₹)
(i)	Inter-state supply of goods	1,00,000
(ii)	Intra-state supply of 500 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet, being a mixed supply (Rate of GST on detergent is 18% and on plastic bucket is 28%)	-
(iii)	Supply of online educational journals to M/s Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply	50,000

M/s Grey has also received the following inward supplies:

S.No	Particulars	Amount (₹)
(iv)	Inter-state supply of goods (out of which invoice for goods worth ₹ 20,000 is missing and no other tax paying document is available)	70,000
(v)	Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	50,000

Details of opening balances of ITC as on 1-4-2023 are as follows:

Particulars	Amount (₹)
CGST	5,000
SGST	5,000
IGST	40,000

Following additional information is provided:

· Rate of GST in respect of all inward and outward supplies except item (ii) above is 18% (ie, CGST and SGST @ 9% and IGST @ 18%).

· All figures mentioned above are exclusive of taxes.

· All the conditions for availing ITC have been fulfilled except specifically given and M/s Grey is not eligible for any threshold exemption. Compute the minimum net GST payable in cash by M/s Grey for the month of April 2023.

Answer 10

Computation of output GST Liability of M/s Grey {April 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Inter-state supply of goods	1,00,000	-	-	18,000
Intra-state supply of 500 packets of detergents along with a plastic bucket {Supply of detergent and bucket together with a single price of ₹ 400 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply that attracts highest rate of tax, ie 28%}	2,00,000 (500 × 400)	28,000	28,000	-
Supply of online educational journal to private coaching centre {Supply of online educational journal is exempt only when the same is provided to an educational institution which provides a qualification recognised by law. Since the private coaching centre does not provide any recognised qualification, the supply of online educational journals to the same will be taxable}	50,000	4,500	4,500	-
Total output GST Liability		32,500	32,500	18,000

Computation of input GST Credit of M/s Grey {April 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	5,000	5,000	40,000
Inter-state purchase of goods {ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing?	50,000	-	-	9,000
Repairing of bus with seating capacity of 20 passengers {ITC on motor vehicles for transportation of persons with seating capacity exceeding 13 persons (including the driver) used for any purpose is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed?	50,000	4,500	4,500	-
Total ITC Available		9,500	9,500	49,000

Computation of Net GST Payable In Cash {April 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	32,500	32,500	18,000
Less: Utilization of ITC			
- Set-off of IGST liability from IGST credit	-	-	(18,000)
- Set-off of excess IGST credit against CGST and SGST liability in the most beneficial manner	(23,000)	(8,000)	-
- Set-off of CGST and SGST credit against CGST and SGST liability respectively	(9,500)	(9,500)	-

Net GST Payable in Cash	Nil	15,000	Nil

About

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